respondents' claims against the IOR rest on two separate, but *related theories*.

First, respondents contend that, because the Holy See allegedly "assisted the war objectives of the Ustasha Regime," maintained "cordial" relations with the regime during the war, and assisted the United States in facilitating the escape of Ustasha war criminals, the IOR, as "the Papal bank of Vatican City," should be held liable for the broad range of human rights violations committed by the Croatian Ustasha regime. ER 20, 27-28; App., *infra*, 14a.[1]

Second, respondents contend that, after the war, "'all or a portion of the Ustasha Treasury'" was transferred to Rome and "[t]hese funds eventually found their way into the hands of the Vatican Bank."[2] App., *infra*, 12a-13a (quoting complaint). Respondents alleged that, because some of the "plundered and looted assets" of the Ustasha regime's victims had been "deposited in the Ustasha Treasury," ER 18, the IOR's subsequent receipt of some portion of that Treasury rendered it liable for the earlier wartime acts of economic plunder, theft of property, and theft of labor committed by the Ustasha regime and others while that regime was in power. *Id.* at 21-22, 25-27. Based on these allegations, respondents asserted claims for conversion, unjust enrichment, restitution, and an accounting against petitioner IOR and others. *Id.* at 25-27; App., *infra*, 13a-14a.

---

[1] Because this case arises on a motion to dismiss, the well-pleaded allegations of the complaint must be taken as true. The IOR does not concede the truth of the allegations made against it.

[2] Petitioner is sometimes colloquially referred to as the "Vatican Bank." Although the Ninth Circuit suggested that the IOR's ownership was "shrouded in mystery," App., *infra*, 11a, the IOR's structure was set forth at length in judicially noticeable materials submitted to the district court and summarized in that court's opinion. *Id.* at 65a-66a & nn. 2-5. The IOR's current structure and governance were established by a 1990 Chirograph of Pope John Paul II. *Id.* at 66a n.5.

2. The IOR moved to dismiss the complaint on multiple grounds, including the political question doctrine, foreign sovereign immunity, lack of standing, and lack of personal jurisdiction. District Court Clerk's Record (CR) 90. The OFM filed a separate motion to dismiss. CR 85. The district court heard oral argument solely on the applicability of the political question doctrine and deferred consideration of the remaining defenses pending that determination. App., *infra*, 67a.

The district court dismissed all of respondents' claims, holding that they were barred by the political question doctrine under at least two of the alternative formulations set forth in *Baker v. Carr*, 369 U.S. 186 (1962). App., *infra*, 63a-79a. First, the district court held that respondents' claims "have been committed to the political branches" for resolution and "as such, are not justiciable." *Id.* at 73a. Specifically, the court observed that "the history of the management by the political branches of claims arising out of World War II and the Holocaust reveals a long-standing foreign policy commitment to resolving such claims at the governmental level." *Id.* at 70a.

Second, relying upon the D.C. Circuit's opinion in *Kelberine v. Societe Internationale*, 363 F.2d 989 (D.C. Cir. 1966), the district court held that there were "no 'judicially discoverable and manageable standards' for resolving plaintiffs' claims." App., *infra*, 74a (quoting *Baker*, 369 U.S. at 217). In particular, the district court concluded that adjudication of respondents' claims would present "intractable problems" by requiring the court "to resolve the competing rights to the Ustasha Treasury of potentially hundreds of thousands of citizens of various nations, funds as to which any number of persons harmed by the Ustasha regime, both represented and not represented in these proceedings, might equally assert a claim." App., *infra*, 78a.

3. A panel of the Ninth Circuit affirmed in part and reversed in part. App., *infra*, 1a-62a. The panel unanimously agreed that the political question doctrine barred all of respondents' claims relating to the alleged provision of assistance to the "war objectives" of the Ustasha regime, including any claim that the "Vatican Bank [had been] unjustly enriched by profits derived from slave labor." *Id.* at 40a, 44a; *see also id.* at 48a (Trott, J., concurring in part & dissenting in part). However, the panel held by a divided vote that what it described as respondents' "property claims"—*i.e.*, claims "with respect to lost and looted property," *id.* at 21a—were not barred by the political question doctrine under any of the *Baker v. Carr* formulations. *Id.* at 20a-40a.

In rejecting the district court's reliance on a textual commitment to the political branches and a lack of judicially manageable standards, the majority held that respondents' claims to a portion of the "fungible assets" of the Usasha Treasury were analogous to suits for the return of specific, identifiable items of property, such as the lawsuit that gave rise to this Court's decision in *Republic of Austria v. Altmann*, 541 U.S. 677 (2004) (holding that the Foreign Sovereign Immunities Act of 1976 could be applied retroactively to a suit seeking the return of six Gustav Klimt paintings from the Austrian Gallery). *See* App., *infra*, 27a-28a, 31a. The majority acknowledged that this Court's decision in *Altmann* "did not address the political question doctrine," but it nonetheless concluded that the fact that "the Court allowed the case to proceed underscores that courts have a place in deciding Holocaust-era claims concerning looted assets." *Id.* at 27a. Although the district court had explicitly rejected respondents' analogy between the return of specific, identifiable paintings and the recovery, from the "undivided portion of the Ustasha Treasury [allegedly] transferred to the IOR," of the "undetermined value of property stolen in untold ways in a multiplicity of regions," *id.* at 77a-78a, the Ninth Circuit held

that the consideration under the political question doctrine was "the same" in both cases. *Id.* at 27a-28a.

The majority acknowledged that tracing the "*fungible* assets" of potentially hundreds of thousands of class members was "[m]ore difficult" than identifying the six paintings in *Altmann*, but it nonetheless expressed confidence that "the innovative and creative means that the judiciary has employed to tackle class actions" would make the case "judicially 'manageable.'" App., *infra*, 31a, 33a (emphasis added). In reaching this conclusion, the majority specifically rejected, as "anachronistic," the D.C. Circuit's contrary decision in *Kelberine v. Societe Internationale*, 363 F.2d 989, which had "affirmed the dismissal of World War II-era claims against a Swiss holding corporation" because "'[t]he procedure sought—adjudication of some two hundred thousand claims for multifarious damages inflicted twenty to thirty years ago in a European area by a government then in power—is too complicated, too costly, to justify undertaking by a court without legislative provision of the means wherewith to proceed.'" App., *infra*, 32a (quoting *Kelberine*, 363 F.2d at 995).

4. Judge Trott dissented from the panel's reinstatement of respondents' "property claims." App., *infra*, 48a-62a. Relying on this Court's analysis of Executive branch authority to settle World-War-II-related claims in *American Ins. Ass'n v. Garamendi*, 539 U.S. 396 (2003), Judge Trott concluded that the foreign affairs and war powers committed by the Constitution to the political branches included the power to determine whether, and to what extent, any reparations would be made "for injuries and losses suffered during wartime at the hands of the Nazis and their alleged accomplices." App., *infra*, 52a, 54a. The lack of any specific treaty or executive agreement with the Vatican on the subject was "meaningless," in Judge Trott's view, because "we do not become vested with jurisdiction [over such matters] by default of the other branches." *Id.* at 52a. Judge Trott also

dissented from the majority's conclusion that there were judicially manageable standards, concluding that the D.C. Circuit's contrary analysis in *Kelberine* was correct. *Id.* at 57a. The consequences of the majority's opinion, in Judge Trott's view, were "overwhelming":

> What the majority has unintentionally accomplished in embracing this case is nothing less than the wholesale creation of a World Court, an international tribunal with breathtaking and limitless jurisdiction to entertain the World's failures, no matter where they happen, when they happen, to whom they happen, the identity of the wrongdoer, and the sovereignty of one of the parties.

Id. at 58a.

REASONS FOR GRANTING THE PETITION

In holding that the political question doctrine did not bar respondents' claims to a share of a foreign treasury that had been enriched by potentially hundreds of thousands of alleged atrocities during World War II, the Ninth Circuit's 2-1 decision in this case creates a circuit split with the D.C. Circuit, departs sharply from a recent decision of this Court, and effectively overrides the Executive branch's decades-long policy of resolving such wartime claims through negotiations rather than through private litigation. Moreover, as Judge Trott noted in dissent, the decision below has "overwhelming" implications and, if allowed to stand, would effectively establish the Ninth Circuit as "a World Court . . . with breathtaking and limitless jurisdiction to entertain the World's failures." App., *infra*, 58a. This Court's review is necessary to resolve the conflicts with respect to these important issues concerning the scope of the political question doctrine.

Specifically, in concluding that there are "judicially manageable" standards for adjudicating respondents' claims concerning looted assets, the Ninth Circuit explicitly rejected as

"anachronistic" the D.C. Circuit's contrary decision in *Kelberine v. Societe Internationale*, 363 F.2d 989 (D.C. Cir.), *cert. denied*, 385 U.S. 989 (1966). App., *infra*, 31a. Until the panel's decision in this case, however, virtually every lower federal court squarely to address the issue has followed *Kelberine*. *See, e.g., In re Nazi Era Cases Against German Defendants Litig.* (*Gross v. The German Foundation Industrial Initiative*), 320 F. Supp. 2d 235, 251 (D.N.J. 2004); *Anderman v. Federal Republic of Austria*, 256 F. Supp. 2d 1098, 1114-15 (C.D. Cal. 2003); *Zivkovich v. Vatican Bank*, 242 F. Supp. 2d 659, 668 & n.11 (N.D. Cal. 2002); *Iwanowa v. Ford Motor Co.*, 67 F. Supp. 2d 424, 488-89 (D.N.J. 1999); *Burger-Fischer v. Degussa AG*, 65 F. Supp. 2d 248, 282-84 (D.N.J. 1999); *see also In re African-American Slave Descendants Litig.*, 375 F. Supp. 2d 721, 763-64 (N.D. Ill. 2005).

In addition, the decision below sharply departs from this Court's decision in *American Ins. Ass'n v. Garamendi*, 539 U.S. 396 (2003), which confirms that the resolution of wartime reparations claims is an aspect of the foreign affairs powers that have been committed to the political branches by the Constitution. App., *infra*, 54a (Trott, J., dissenting) (noting that, "[i]n reversing our Ninth Circuit opinion to the contrary," the *Garamendi* Court relied on a construction of Executive authority "that adds considerable weight against the view that [respondents'] claims are justiciable"). The panel here also flatly disregarded *Garamendi*'s admonition that "the consistent Presidential foreign policy has been to encourage European governments and companies to volunteer settlement funds in preference to litigation or coercive sanctions." *Garamendi*, 539 U.S. at 421. Indeed, the Ninth Circuit's holding that the resolution of wartime reparations claims is *not* committed to the political branches conflicts with the decisions of virtually every federal court to address comparable claims. *See, e.g., Hwang Geum Joo v. Japan*, 413 F.3d 45, 50 (D.C. Cir. 2005) (applying political question doctrine because, *inter alia*, "it is pellucidly clear the Allied

Powers intended that all war-related claims against Japan be resolved through government-to-government negotiations rather than through private tort suits"); *Gross*, 320 F. Supp. 2d at 251-54; *Anderman*, 256 F. Supp. 2d at 1113-14; *Zivkovich*, 242 F. Supp. 2d at 666-67; *In re Nazi Era Cases Against German Defendants Litig.* (*Frumkin v. JA Jones, Inc.*), 129 F. Supp. 2d 370, 378 (D.N.J. 2001); *Iwanowa*, 67 F. Supp. 2d at 485; *Burger-Fischer*, 65 F. Supp. 2d at 273-74, 282.

In light of the D.C. Circuit's opinions in *Kelberine* and *Hwang Geum Joo*, it is clear that, had this case arisen in the D.C. Circuit rather than in the Ninth Circuit, respondents' claims would have been dismissed. The Ninth Circuit, however, rejected petitioner IOR's petition for rehearing en banc, App., *infra*, 90a-91a, and this Court's review is therefore necessary to resolve this split of authority.

For all of these reasons, the IOR's petition for a writ of certiorari should be granted. Alternatively, given the nature of the issues and the foreign policy implications of this case, the Court should request the views of the Solicitor General and then grant the petition.

I. THE NINTH CIRCUIT'S DECISION CREATES A CIRCUIT SPLIT AS TO WHETHER THERE ARE JUDICIALLY MANAGEABLE STANDARDS TO ADJUDICATE COMPETING CLAIMS TO AN UNDIFFERENTIATED AGGREGATION OF ASSETS ALLEGEDLY ENRICHED BY WAR-TIME ATROCITIES AND PLUNDER

In *Baker v. Carr*, 369 U.S. 186 (1962), this Court held that a matter raises a nonjusticiable "political question" if, *inter alia*, there is a "lack of judicially discoverable and manageable standards for resolving" the dispute. *Id.* at 217 (describing this as one of six independent tests for the existence of a

political question)[3]; *see also Vieth v. Jubelirer*, 541 U.S. 267, 277-78 (2004) (plurality) (same). Until the Ninth Circuit's decision in this case, the lower courts had consistently followed the D.C. Circuit's seminal opinion in *Kelberine*, 363 F.2d 989, in concluding that there was a lack of judicially manageable standards for adjudicating claims for redress of World-War-II-related losses. By explicitly rejecting *Kelberine* and instead encouraging the courts to fashion their own "innovative solutions" in the "Holocaust-claims context," App., *infra*, 33a, the Ninth Circuit's decision in this case creates a circuit split with respect to an issue of great importance.

1. In *Kelberine*, the plaintiffs alleged on behalf of themselves and a putative class that the defendant, a private corporation in neutral Switzerland, had profited from, and conspired in, the activities of the Nazi regime and its allies in "illegally seiz[ing] the property of plaintiffs" and in subjecting them to slave labor. 363 F.2d at 992. In an opinion by Judge Prettyman, the D.C. Circuit unanimously affirmed the dismissal of the claims, concluding that, given the unmanageable nature of the claims, they were "not within the established scope of judicial authority":

---

[3] As set forth in *Baker*, a case raises a political question if it involves any one of the following:

> [1] a textually demonstrable constitutional commitment of the issue to a coordinate political department; *or* [2] a lack of judicially discoverable and manageable standards for resolving it; *or* [3] the impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; *or* [4] the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; *or* [5] an unusual need for unquestioning adherence to a political decision already made; *or* [6] the potentiality of embarrassment from multifarious pronouncements by various departments on one question.

369 U.S. at 217 (emphasis added).

> The Nazi conspiracy, in violation of the laws of the several states involved and of natural law, damaged these two plaintiffs and others, to a number of some two hundred thousand, destroying their property, killing their relatives, and reducing them to slave labor .... [But] [a]s presently framed, the problem is not within the established scope of judicial authority.... The span between the doing of the damage and the application of the claimed assuagement is too vague. The time is too long. The identity of the alleged tortfeasors is too indefinite. The procedure sought—adjudication of some two hundred thousand claims for multifarious damages inflicted twenty to thirty years ago in a European area by a government then in power—is too complicated, too costly, to justify undertaking by a court without legislative provision of the means wherewith to proceed.
>
> ... The events, the witnesses, the guilty tortfeasors, their membership in the conspiracy are all so potentially vague at this point as *to pose an insoluble problem if undertaken by the courts without legislative or executive guidance, authorization or support.*

Kelberine, 363 F.2d at 995 (emphasis added).

Since the D.C. Circuit's opinion in *Kelberine*, the lower courts have consistently followed its holding that the unmanageability of such war-related claims renders them nonjusticiable. *See, e.g., Anderman*, 256 F. Supp. 2d at 1114 ("For over thirty years, courts have repeatedly found claims such as those presented by Plaintiffs to be within the province of the political branches due in large part to the judiciary's lack of discoverable and manageable standards that are necessary to adjudicate such actions"); *Zivkovich*, 242 F. Supp. 2d at 668 (concluding that, in light of the numerous difficulties raised by the complaint, the court "lack[ed] judicially manageable standards to resolve the dispute raised herein"); *Iwanowa*, 67

F. Supp. 2d at 489 ("The specter of adjudicating thousands of claims arising out of a war that took place more than fifty years ago amounts to a more daunting task for this Court to tackle than the *Kelberine* Court could ever have contemplated"); *Burger-Fischer*, 65 F. Supp. 2d at 284 ("By what conceivable standard could a single court arrive at a fair allocation of resources among all the deserving groups? By what practical means could a single court acquire the information needed to fashion such a standard?"); *cf. also In re African-American Slave Descendants Litig.*, 375 F. Supp. 2d at 764 (holding that there were no judicially manageable standards for adjudicating slavery reparations claims because the "issues raised by the *Kelberine* court, particularly those relating to the impracticality of judicially resolving disputes covering vast time periods and containing numerous unidentifiable tortfeasors, are clearly present in the underlying litigation").

2. The Ninth Circuit majority here explicitly rejected the D.C. Circuit's analysis in *Kelberine*. App., *infra*, 32a-33a. The majority reasoned that, in light of the 1966 revisions to Federal Rule of Civil Procedure 23 and the 1969 publication of the Manual for Complex Litigation, there are now sufficient "innovative and creative means" available "to tackle class actions" and that *Kelberine*'s unmanageability holding was therefore "somewhat anachronistic." App., *infra*, 32a-33a.[4] The majority, however, never even attempted to articu-

---

[4] The majority also appeared to suggest that *Kelberine* could be disregarded because Judge Prettyman's opinion does not use the magic words "political question doctrine" and likewise does not specifically quote *Baker*'s second test. App., *infra*, 32a. This argument is belied by the fact that it is *Kelberine* that has been relied upon by the federal courts for nearly 40 years to give meaning to the political question doctrine in this area. *See supra* at 11-12 (collecting cases). Those courts all recognized that *Kelberine* unmistakably holds that the case was not justiciable in light of its unmanageability: the "procedure sought . . . is too complicated, too costly, to justify undertaking by a court without legislative provision of

late how any intervening change in federal civil procedure had in any way undermined *Kelberine*'s analysis, nor did the panel explain by what standards the district court should allocate the fungible assets allegedly received from the Ustasha Treasury among the potentially hundreds of thousands of competing claimants who were injured throughout Croatia and Ukraine by the Ustasha regime and its allies more than six decades ago. Instead, the Ninth Circuit simply asserted its confidence that the lower court would be able to "rise[] to the challenge" and somehow figure out how to manage this action. App., *infra*, 33a. In relying upon blind hope that the case would prove manageable, the Ninth Circuit abdicated its obligation to apply the second *Baker* test and failed to provide any persuasive basis for rejecting *Kelberine* and the numerous cases that have relied upon it. *Cf. Vieth*, 541 U.S. at 304 (plurality) (stating that, in assessing manageability, a court must keep in mind that "it is the function of the courts to provide relief, not hope"). Indeed, the Ninth Circuit majority candidly conceded that, in holding that the case was judicially manageable, it was "burdening [the] district court" with what may prove "to present a Sisyphean task" in attempting to adjudicate this "behemoth of a case." App., *infra*, 33a.

Moreover, the Ninth Circuit's unsubstantiated contention that *Kelberine* has been undermined by various innovations in federal civil procedure that occurred in 1966 and 1969 is flatly belied by the fact that, during the nearly *four decades* that such mechanisms have been available, *Kelberine* was consistently followed by the lower courts—until the Ninth Circuit's divided decision in this case. *Anderman*, 256

---

the means wherewith to proceed." 363 F.2d at 995; *see also ibid.* (describing dispute as presenting an "insoluble problem if undertaken by the courts without legislative or executive guidance"). Indeed, the courts have not had the slightest doubt that *Kelberine* rests on the second *Baker* test. *See, e.g., In re African-American Slave Descendants Litig.*, 375 F. Supp. 2d at 763-64; *Anderman*, 256 F. Supp. 2d at 1114; *Zivkovich*, 242 F. Supp. 2d at 668; *Iwanowa*, 67 F. Supp. 2d at 488-89.

F. Supp. 2d at 1114 (noting that *Kelberine* had been followed "[f]or over thirty years") (collecting cases); *see generally supra* at 11-12.

The Ninth Circuit took solace in the fact that, in recent years, two courts had been able adequately to manage voluntary *settlements* of comparable claims. App., *infra*, 33a. These cases instead prove the Ninth Circuit's error. The panel below conspicuously failed to note that, in both of the cited cases, the likely nonjusticiability of the underlying claims was specifically cited as one of the reasons for upholding the settlements in the first place. *See In re Austrian & German Bank Holocaust Litig.*, 80 F. Supp. 2d 164, 177 (S.D.N.Y. 2000) ("Each of the defenses outlined by the defendants"—including the political question doctrine—"appear to have merit"), *affirmed sub nom. D'Amato v. Deutsche Bank*, 236 F.3d 78, 86 (2d Cir. 2001) (upholding settlement in light of the district court's conclusions concerning "the difficulties of coming forward with fifty year old evidence and *the existence of possible defenses*") (emphasis added); *In re Holocaust Victim Assets Litig.*, 105 F. Supp. 2d 139, 148-49, 153 (E.D.N.Y. 2000) (in approving settlement, court cited the dismissals in *Iwanowa* and *Burger-Fischer*, and the "practical and legal problems" in attempting to litigate such claims).

3. The Ninth Circuit majority sought to justify its rejection of *Kelberine* by analogizing respondents' property-related claims to suits, such as *Republic of Austria v. Altmann*, 541 U.S. 677 (2004), in which the plaintiff sought the return of specific, identifiable items of looted property. App., *infra*, 31a. For multiple reasons, the panel's analogy is demonstrably flawed and only further serves to underscore its error in declining to follow *Kelberine*.

As an initial matter, the panel below conceded that *Altmann* "did *not* address the political question doctrine," App., *infra*, 27a (emphasis added), but instead merely held that the For-

eign Sovereign Immunities Act of 1976 (FSIA) was retroactively applicable to the plaintiff's pre-FSIA claims. 541 U.S. at 700. In fact, the *Altmann* Court went out of its way to "emphasiz[e] the narrowness of this holding" and to underscore that the Court was *not* addressing the application of other possible obstacles to the suit, such as the act-of-state and political question doctrines. *Id.* at 700-01 & n.21 (citing act-of-state and political-question cases); *id.* at 714 (Breyer, J., concurring) (specifically noting that the possible "nonjusticiable nature" of the "matters at issue" was a separate question from the applicability of the FSIA).[5]

Moreover, the claims asserted here differ critically from those in *Altmann*. The plaintiff in *Altmann* sought the return of *specific, identifiable items of property that were in the possession of the defendant*, namely, six specific Gustav Klimt paintings held by the Austrian Gallery. 541 U.S. at 680. By contrast, as the panel below acknowledged, respondents here do not similarly seek the return of any specific, identifiable *res* that was confiscated by the Nazis or the Ustasha regime and that was allegedly transported to the Vatican; on the contrary, respondents' theory is that the IOR received a portion of the "*fungible assets*" that had accumulated over the years in the Ustasha Treasury and that included the fruits of innumerable atrocities over a wide geographic area. App., *infra*, 31a (emphasis added). As the district court explained, respondents seek to recover, from the "undivided portion of the Ustasha Treasury [allegedly] transferred to the IOR," the

---

[5] *See also 767 Third Avenue Assocs. v. Consulate Gen. of Socialist Federal Republic of Yugoslavia*, 218 F.3d 152, 162-63 (2d Cir. 2000) (holding that a determination that the FSIA applies solely operates "'to remove *one* particular barrier to suit, namely sovereign immunity,'" and it is a separate question whether "the barrier of nonjusticiability still exists") (quoting *Dames & Moore v. Regan*, 453 U.S. 654, 685 (1981)) (emphasis added by the Second Circuit).

"undetermined value of property stolen in untold ways in a multiplicity of regions." *Id.* at 77a-78a.

To the extent that the standards for adjudicating a dispute over the return of a specific, identifiable item of property are "judicially manageable," the same cannot be said of claims relating to fungible assets allegedly derived from a wartime treasury augmented by innumerable acts of plunder and violence. Any number of other persons harmed by the Ustasha regime (many of whom are not before the court) might equally well assert a claim to a portion of the Ustasha Treasury. There simply is no way a court can purport to allocate a subset of such allegedly tainted assets among hundreds of thousands of competing claimants "without legislative or executive guidance, authorization or support." *Kelberine*, 363 F.2d at 995. As one court held in dismissing comparable claims as nonjusticiable:

> Wrongs were suffered not only by the classes of persons represented in these proceedings, however, but also by many other classes of persons in many lands. They, too, had claims against German assets. By what conceivable standard could a single court arrive at a fair allocation of resources among all the deserving groups?

Burger-Fischer, 65 F. Supp. 2d at 284.

The panel below itself acknowledged (in a considerable understatement) that it would be "[m]ore difficult" to "track[] gold, silver, and other fungible assets, like money, especially those without bank account records or other reliable documentation" than it would be to decide the "fairly well documented[] chain of ownership" to the six paintings in *Altmann*. App., *infra*, 31a. The panel, however, never explained how it proposed to resolve what *Kelberine* held was an "insoluble problem" for the courts—namely, how to allocate, among hundreds of thousands of Axis victims, an aggregation of fungible assets allegedly enriched by a wide range of atrocities. *Kelberine*, 363 F.2d at 995 (stating that, although the

political branches "might enact a program and a procedure by which the objectives prayed for could be achieved," the problem was "insoluble" if "undertaken by the courts without legislative or executive guidance").

The Ninth Circuit seemed to think it sufficient that respondents' complaint identified certain specific items of real or personal property that were originally stolen by the Ustasha (or allied fascists), such as land, vehicles, industrial sewing machines, and the like. App., *infra*, 22a-23a. However, the panel's justiciability analysis overlooked the fact that here, in sharp contrast to *Altmann*, there was no allegation that these specific items of property were themselves later in the possession of the IOR. *Id.* at 4a (noting that respondents' theory is that a portion of the "profit" accumulated in the Ustasha Treasury from the "genocidal acts of the Croatian Ustaha political regime" later "allegedly passed through the [IOR] in the form of proceeds from looted assets and slave labor"). There is a vast difference in terms of justiciability between the alleged wrongful retention of a specific, identifiable painting (as in *Altmann*) and the untangling of a complex web of competing derivative claims to an aggregated and tainted pool of fungible assets derived from wartime atrocities (as in *Kelberine* and this case).[6] In short, nothing in *Altmann* justifies the Ninth Circuit's rejection of the D.C. Circuit's opinion in *Kelberine*.[7]

---

[6] It is not an accident that post-war agreements concerning the allocation of recovered assets specifically treat fungible assets differently from specific, identifiable items of property. *See, e.g.*, Agreement on Reparation from Germany, on the Establishment of an Inter-Allied Reparation Agency and on the Restitution of Monetary Gold, Part III, art. I, para. A, Jan. 14, 1946, T.I.A.S. No. 1655, 4 Bevans 5, 17 (providing that, in contrast to "identifiable" coins of "numismatic or historical value," fungible monetary gold "shall be pooled for distribution as restitution among the countries participating in the pool").

[7] The Ninth Circuit also wrongly suggested that the plurality decision in *Vieth* had eliminated that aspect of the second *Baker* test that focuses on

As Judge Trott recognized in dissent, *Kelberine* was "correctly" decided and, if followed here, would have required dismissal of this action. App., *infra*, 57a. Because this case would have been dismissed had it arisen in the D.C. Circuit, this Court should grant review to resolve the circuit split created by the Ninth Circuit's explicit rejection of *Kelberine*.

II. THE NINTH CIRCUIT'S DECISION CONFLICTS WITH DECISIONS OF THIS COURT AND OTHER FEDERAL COURTS HOLDING THAT THE RESOLUTION OF CLAIMS FOR WAR-RELATED PROPERTY LOSSES IS AN ASPECT OF THE FOREIGN AFFAIRS POWER COMMITTED BY THE CONSTITUTION TO THE POLITICAL BRANCHES

Alternatively, a case raises a nonjusticiable "political question" whenever there is "a textually demonstrable constitutional commitment of the issue to a coordinate political

---

"whether the case is unmanageable in the sense of being large, complicated, or otherwise difficult to tackle from a logistical standpoint"; the court of appeals stated that courts instead need only ask "whether they have the *legal* tools to reach a ruling that is 'principled, rational, and based upon reasoned distinctions.'" App., *infra*, 29a (quoting *Vieth*, 541 U.S. at 278). Contrary to the panel's novel reading of the case, *Vieth* merely reaffirmed that "*[o]ne* of the most obvious limitations imposed" by *Baker*'s second test is "that judicial action must be governed by *standard*, by *rule*," and that this necessary condition was not met in that case. 541 U.S. at 278 (first emphasis added). Nothing in *Veith* supports the Ninth Circuit's view that this *necessary* condition for justiciability is a *sufficient* condition. On the contrary, *Veith* explicitly states that *Baker*'s second test requires that there be standards that are both "judicially discernible" and "judicially manageable." *Id.* at 287-88 (separately addressing these points). In any event, as explained above, the majority below failed to articulate any legal "standard" or "rule" for resolving what *Kelberine* correctly concluded was an "insoluble problem if undertaken by the courts without legislative or executive guidance, authorization or support." 363 F.2d at 995. Instead, the Ninth Circuit relied on a faulty analogy to possession of specific, identifiable items of stolen property.

department." *Baker v. Carr*, 369 U.S. at 217. By holding that the proper scope of "[r]eparation for stealing . . . during wartime" is *not* constitutionally committed to the political branches but may instead be fashioned by the courts, App., *infra*, 26a-27a, the Ninth Circuit sharply departed from this Court's analysis of the scope of executive power in *Garamendi*, and from this Court's exposition of the clear and consistent policy of negotiation that has *in fact* been adopted by the Executive with respect to the resolution of Holocaust-era claims. Moreover, the Ninth Circuit's erroneous holding on this score conflicts with nearly every lower federal court decision to consider the justiciability of comparable claims.

A. The Ninth Circuit's Decision Conflicts with this Court's Decision in *Garamendi*

In *Garamendi*, this Court addressed the validity of a California statute that "provid[e]d regulatory sanctions to compel disclosure and payment" by insurers who sold policies to Holocaust victims in Europe from 1920 to 1945 and that created "a new cause of action for Holocaust survivors if the other sanctions should fail." 539 U.S. at 423. This Court held that the California statute impermissibly intruded upon "a matter well within the Executive's responsibility for foreign affairs" and was preempted by a "consistent Presidential foreign policy" in favor of resolving such disputes by negotiations rather than by "litigation or coercive sanctions." 539 U.S. at 420-21. *Garamendi*'s construction of the foreign affairs powers committed *to the Executive* by the Constitution is fatal to the court of appeals' endorsement of federal court litigation in this case. Under *Garamendi*, the Ninth Circuit is no more entitled to encroach upon the Executive's foreign affairs authority here than was the State of California in that case.

1. While noting that "the source of the President's power to act in foreign affairs does not enjoy any textual detail," the *Garamendi* Court reaffirmed that "the historical gloss on the

'executive Power' vested in Article II of the Constitution has recognized the President's 'vast share of responsibility for the conduct of our foreign relations.'" 539 U.S. at 414 (quoting *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579, 610-11 (1952)); *see also id.* at 422 n.12 ("[I]n the field of foreign policy the President has the 'lead role.'") (quoting *First Nat'l City Bank v. Banco Nacional de Cuba*, 406 U.S. 759, 767 (1972)). There is thus no "question generally that there is *executive* authority to decide" what the Nation's foreign policy should be. *Id.* at 414 (emphasis added). More specifically, *Garamendi* squarely held that the resolution of Holocaust-era claims "is a matter well within the Executive's responsibility for foreign affairs." 539 U.S. at 420; *see also id.* at 415 ("'[T]hat the President's control of foreign relations includes the settlement of claims is indisputable.'") (quoting *United States v. Pink*, 315 U.S. 203, 240 (1942) (Frankfurter, J., concurring)); *Dames & Moore v. Regan*, 453 U.S. 654, 679 (1981) (noting that "the United States has repeatedly exercised its sovereign authority to settle the claims of its nationals against foreign countries").[8]

Moreover, the *Garamendi* Court held that the Executive clearly *had* invoked its authority to set the Nation's policy with respect to the resolution of such war-related claims:

> *The issue of restitution for Nazi crimes has in fact been addressed in Executive Branch diplomacy and formalized in treaties and executive agreements over the last half century*, and although resolution of private claims was postponed by the Cold War, securing private interests is an express object of

---

[8] *See also Deutsch v. Turner Corp.*, 324 F.3d 692, 713-14 (9th Cir.) ("[T]he Constitution allocates the power over foreign affairs to the federal government exclusively, and the power to make and resolve war, including the authority to resolve war claims, is central to the foreign affairs power in the constitutional design."), *cert. denied*, 540 U.S. 820 (2003).

> diplomacy today, just as it was addressed in agreements soon after the Second World War.

539 U.S. at 420-21 (emphasis added); *see also id.* at 403-08 (describing the numerous treaties and agreements touching upon the subject of reparations for the wartime actions of Germany and Japan).

After extensively reviewing the relevant diplomatic history, this Court concluded that the Executive's policy toward the resolution of World-War-II-era claims was clear:

> The foregoing account of [these] negotiations . . . is enough to illustrate that *the consistent Presidential foreign policy has been to encourage European governments and companies to volunteer settlement funds in preference to litigation or coercive sanctions.* See also, *e.g.*, Hearings on H.R. 2693 before the Subcommittee of Government Efficiency, Financial Management and Intergovernmental Relations of the House Committee on Government Reform, 107th Cong., 2d Sess., 24 (2002) (statement of Ambassador Randolph M. Bell that it is *the "policy of the U.S. Government" "to resolve matters of Holocaust-era restitution and compensation through dialogue, negotiation, and cooperation"*) . . . .

Garamendi, 539 U.S. at 421 (emphasis added).[9]

---

[9] Indeed, the Government's brief as *amicus curiae* in *Garamendi* reaffirmed this consistent policy in unmistakable terms: "[W]ith respect to *still-unresolved claims* against foreign enterprises arising out of the Holocaust, the United States has determined that *those claims should be pursued through voluntary, non-adversarial processes rather than through coercive regulation and litigation.*" U.S. Br. in *American Ins. Ass'n v. Garamendi*, No. 02-722, at p.13 (emphasis added); *id.* at 1 ("the United States has consistently encouraged the use of voluntary, non-adversarial mechanisms for resolving Holocaust victims' claims"); *see also* U.S. Br. in *Republic of Austria v. Altmann*, No. 03-13, at p.22 ("[T]he United States' longstanding policy and practice is to prevent courts from

Because California's Holocaust-insurance-claims statute intruded upon, and conflicted with, this "exercise of the federal executive authority," this Court held the statute invalid. 539 U.S. at 421. California's preference for regulation and litigation encroached upon the Executive's foreign affairs authority by "undercut[ing] the President's diplomatic discretion and the choice he has made exercising it." *Id.* at 423-24.

2. It follows inexorably from the *Garamendi* Court's analysis of the scope of executive power, and from its exposition of the clear and consistent policy that has in fact been adopted by the Executive with respect to the resolution of Holocaust-era claims, that respondents' claims against the IOR involve nonjusticiable political questions committed to the political branches for resolution.

In particular, given the *Garamendi* Court's specific holding that the resolution of Holocaust-era claims "is a matter well within the *Executive's* responsibility for foreign affairs," 539 U.S. at 420 (emphasis added), it follows that the resolution of war-related claims—particularly (as here) claims against an instrumentality of a foreign sovereign concerning fungible assets of a foreign state treasury—is an aspect of the foreign-affairs powers that have been textually committed by the Constitution to the political branches. *See Baker v. Carr*, 369 U.S. at 217. That is, *Garamendi*'s holding that the Constitution allocates these foreign affairs powers to the *Executive* means that the authority to decide how and to what extent war-related injuries should be redressed has not been committed *either* to the States *or* to the federal courts. As this Court has long held, "[m]atters relating 'to the conduct of foreign relations . . . are so exclusively entrusted to the political branches of government as to be largely immune from judicial inquiry or interference.'" *Regan v. Wald*, 468 U.S. 222,

---

becoming entangled in the conduct of foreign relations and to resolve war-related claims through diplomatic or political, rather than judicial, means.").

242 (1984) (quoting *Harisiades v. Shaughnessy*, 342 U.S. 580, 589 (1952)); *see also Pink*, 315 U.S. at 222-23 ("[T]he conduct of foreign relations is committed by the Constitution to the political departments of the Federal Government; [and] . . . the propriety of the exercise of that power is not open to judicial review."). Accordingly, the Ninth Circuit is no more free than was California to intrude upon "a matter well within the Executive's responsibility for foreign affairs" and to displace the "consistent Presidential foreign policy" favoring resolution of World-War-II reparations claims through negotiations rather than litigation. *Garamendi*, 539 U.S. at 420-21.

Moreover, *Baker v. Carr* specifically states that, in assessing whether a particular issue raises a political question, the courts must consider "the history of [the] management [of this issue] by the political branches." 369 U.S. at 211. The *Garamendi* Court's extensive review of nearly six decades of consistent Executive policy against resolving such claims by litigation, 539 U.S. at 403-08, confirms beyond any doubt that the fashioning of standards and mechanisms for redressing such war-related injuries has been committed to the political branches.[10]

---

[10] For the same reasons, *Garamendi*'s recapitulation of the unvarying executive policy on this subject confirms that the Ninth Circuit's endorsement of litigation as the means for determining the scope of the wartime looting of a Nazi puppet regime, and for resolving the fate of the Ustasha treasury, "express[es] [a] lack of the respect due coordinate branches of government"; fails to adhere to "political decision[s] already made"; and will lead to "multifarious pronouncements by various departments on one question." *See Baker*, 369 U.S. at 217 (identifying these as additional alternative tests for the existence of a political question).

B. The Ninth Circuit's Decision Conflicts with Numerous Other Federal Court Decisions Holding that the Resolution of Claims for Redress of Wartime Injuries Are Committed to the Political Branches

Unsurprisingly, virtually every other federal court to consider comparable claims has held that they present political questions that are committed to the political branches for resolution. *See, e.g., Hwang Geum Joo*, 413 F.3d at 50 (applying political question doctrine because, *inter alia*, "it is pellucidly clear the Allied Powers intended that all war-related claims against Japan be resolved through government-to-government negotiations rather than through private tort suits"); *Gross*, 320 F. Supp. 2d at 253 ("For almost 60 years now, U.S. courts have held consistently that the political question doctrine made Holocaust-era claims nonjusticiable."); *Anderman*, 256 F. Supp. 2d at 1114 ("Plaintiffs' claims are of the type that have been constitutionally committed to the political branches of government"); *Zivkovich*, 242 F. Supp. 2d at 666 (rejecting claims similar to those of respondents on the ground that "war reparations fall within the domain of [the] political branches"); *Frumkin*, 129 F. Supp. 2d at 378 (reparation claims "arising out of World War II" are such "that they have been committed to the political branches for resolution"); *Iwanowa*, 67 F. Supp. 2d at 485 ("As an issue affecting U.S. relations with the international community, war reparations fall within the domain of the political branches and are not subject to judicial review"); *see also Burger-Fischer*, 65 F. Supp. 2d at 273-75, 282.

Accordingly, in addition to conflicting with *Garamendi*, the Ninth Circuit's decision in this case conflicts with a near-unanimous body of contrary authority from the other federal courts. This Court's review is also warranted to resolve these conflicts with respect to this important issue.

C. The Ninth Circuit's Reasons for Rejecting this Contrary Authority Are Flawed

The Ninth Circuit gave two principal reasons for declining to apply this contrary authority, but neither of them is persuasive.

First, the Ninth Circuit held that the political question doctrine was inapplicable because there was no formal "executive agreement covering claims to the Ustasha treasury," App., *infra*, 26a, and because the Executive branch had not intervened to express its views with respect to the justiciability of these *particular* claims, *id.* at 35a. *Garamendi* makes plain the Ninth Circuit's error. There, the Court held, not that California's approach to Holocaust-era claims conflicted with any *particular* executive agreement or statement, but rather that it conflicted with the more general "foreign policy those agreements *embody*." 539 U.S. at 417 (emphasis added); *see also id.* at 422 (noting that the various agreements that had been concluded were "*exemplars*" of the Executive's more general policy favoring negotiations) (emphasis added).

Moreover, the Ninth Circuit's novel approach would stand the political question doctrine on its head. By seizing on the fact that issues concerning the Ustasha Treasury have yet to be resolved by any formal "executive agreement," App., *infra*, 26a,[11] the panel held, in effect, that as long as diplomatic efforts remain inconclusive, the courts may freely interject themselves into such issues. App., *infra*, 40a (declining to apply the political question doctrine because, in light of the lack of "ongoing government negotiations, agreements, or settlements," this "lawsuit is the only game in town"). There is no support for this remarkable proposition.

---

[11] Indeed, the Ninth Circuit simply ignored the fact that the Executive branch has in fact devoted significant diplomatic attention to the subject of the Ustasha Treasury, and those efforts have specifically involved "the Vatican State." App., *infra*, 72a (citing 1998 State Department report).

See App., *infra*, 52a (Trott, J., dissenting) ("This is *not* our 'game,' period, and we do not become vested with jurisdiction by default of the other branches .... The silence of another Branch cannot give us jurisdiction we do not otherwise have."). On the contrary, it is only *after* the political branches have reached a definitive resolution of such wartime reparations issues that a possible role may arise for the courts in construing the scope of the resolution adopted by the political branches. *See, e.g., Ungaro-Benages v. Dresdner Bank AG*, 379 F.3d 1227, 1235-36 (11th Cir. 2004) (question whether the terms of an executive agreement with Germany barred certain claims did not raise a political question); *Deutsch*, 324 F.3d at 713 n.11 (same with respect to construing whether treaties barred claims).[12]

Second, the Ninth Circuit again analogized respondents' property claims to those considered in *Altmann*, which it believed were not "constitutionally committed to the political branches." App., *infra*, 27a-28a. This argument fails. As explained above, *Altmann* specifically did *not* address any issue concerning the political question doctrine, *see supra* at 14-15, and the Ninth Circuit was therefore flatly wrong to read *Altmann* as somehow "underscor[ing] that courts have a place in deciding Holocaust-era claims concerning looted assets." *Id.* at 27a.

---

[12] The majority below professed uncertainty as to what significance to attach to the fact that the United States had never submitted its views in this case. App., *infra*, 35a. What the Ninth Circuit overlooked, however, is that the district court never had occasion to *request* the Government's views in light of its dismissal of the action. To the extent that the views of the Executive branch are critical to assessing the applicability of the political question doctrine, the proper course is not simply to plow ahead with the litigation; instead, the Ninth Circuit should have solicited the Executive's views. Likewise, this Court may wish to consider requesting the views of the Solicitor General with respect to this petition.

Moreover, once again there is a critical difference, for purposes of the political question doctrine, between the *Altmann* plaintiff's claim for the recovery of six specific, identifiable paintings in the defendant's possession and respondents' claims concerning fungible assets in the Ustasha Treasury. As the court of appeals in *Altmann* noted, the State Department had announced in 1949 that "it is this Government's policy to undo the forced transfers and restitute *identifiable property* to the victims of Nazi persecution wrongfully deprived of such property." *Altmann v. Republic of Austria*, 317 F.3d 954, 965 (9th Cir. 2002) (emphasis altered); *see also Bernstein v. N.V. Nederlandsche-Amerikaansche Stoomvart-Maatschappij*, 210 F.2d 375, 375-76 (2d Cir. 1954) (reprinting the press release announcing this policy). Thus, even assuming *arguendo* that the Executive's announced policy concerning "identifiable property" would have been sufficient to avoid application of the political question doctrine in a suit against a party in possession of an identifiable *res*, that policy would have no application to respondents' claims that the IOR received a portion of the "*fungible assets*" that, over the years, had accumulated in the Ustasha Treasury. App., *infra*, 31a (emphasis added). The Executive's policy has distinguished between the return of a specific, identifiable item of property and the disposition of competing claims to fungible assets. *See* App., *infra*, 56a (Trott, J., dissenting) (noting a similar distinction in the Treaty of Peace with Italy between the treatment of "identifiable property" and "monetary gold").

Review is warranted in light of the Ninth Circuit's sharp departure from this Court's decision in *Garamendi* and the resulting split of authority among the lower courts concerning the extent to which the resolution of such claims is textually committed to the political branches as an aspect of the foreign affairs powers.

III. THE NINTH CIRCUIT'S DECISION THREATENS TO DISRUPT THE NATION'S FOREIGN AFFAIRS

In addition to creating a circuit split and sharply departing from this Court's precedent, the Ninth Circuit's decision raises additional considerations that counsel strongly in favor of this Court's review.

As Judge Trott noted in dissent, the "consequences of [the majority's] holding are overwhelming" and involve "nothing less than the wholesale creation of a World Court, an international tribunal with breathtaking and limitless jurisdiction to entertain the World's failures . . . ." App., *infra*, 58a. By "extend[ing] the concept of judicial authority into unknown territory and mistakenly exercis[ing] power and competence that plainly belongs to the President and to Congress," the panel's decision "far overreaches the authority of 'the least dangerous branch' of our government":

> Today, it is the Vatican and the Holocaust. Tomorrow, will it be horrors from Haiti, Cuba, Rwanda, South Africa, the Soviet Union, Bosnia, Sudan, Somalia, North Korea, Iraq, and who knows where? The majority opinion sends our district judges on a crusade [for] which they are not equipped and which is doomed to flounder.

Id. at 61a-62a. The Ninth Circuit's opinion provides ample opportunities for substantial judicial interference in foreign relations.

Moreover, the Ninth Circuit's endorsement of this litigation threatens adversely to affect relations between the United States and the Holy See. As the Ninth Circuit noted—and then promptly disregarded—the record shows that the Holy See promptly sent a formal diplomatic protest to the U.S. State Department concerning this action. App., *infra*, 34a-35a; *see also id.* at 92a-93a (reproducing the Holy See's Ver-

bal Note). The potential impact of the decision below on relations between the U.S. and the Holy See, as well as other affected countries, provides further confirmation of the need for this Court's review.

CONCLUSION

For the reasons stated above, the petition for a writ of certiorari should be granted. Alternatively, the Court should call for the views of the Solicitor General and then grant the petition.

Respectfully submitted,

MICHAEL R. DOYEN
DANIEL P. COLLINS*
Munger, Tolles & Olson LLP

JEFFREY S. LENA
Law Office of Jeffrey S. Lena

Counsel for Petitioner

*Counsel of Record

October 2005

APPENDIX

APPENDIX A

No. 03-15208
No. 03-16166

UNITED STATES COURT OF APPEALS
NINTH CIRCUIT

Emil ALPERIN; Jewgenija Romanova; Maria Dankewitsch; Vladimir Morgunov, on behalf of themselves and all other persons similarly situated; Organization of Ukrainian Anti-fascist Resistance Fighters; Ukrainian Union of Nazi Victims and Prisoners; Vladimir Brodich; William Dorich; Igor Najfeld, on behalf of themselves and all other persons similarly situated; Lizabeth Lalich; Mladen Djuricich; Robert Predrag Gakovich; Nevenka Vukasovic Malinowski; Eli Rotem; Milorad Skoric; Veljko Miljus; Fred Zlatko Harris; Milja Conger; Allen Dolfi Herskovich; Bogdan Kljaic; David Levy; Zdenka Baum Ruchwarger; Vladan Celebonovic; Desa Tomasevic Wakeman; Daniel Pyevich; Koviljka Popovic; Jasenovac Research Institute; The International Union of Former Juvenile Prisoners of Fascism of Ukraine, Russia, and Belarus, on behalf of themselves and all others similarly situated,

Plaintiffs-Appellants,

v.

VATICAN BANK, aka Institute of Religious Works aka Instituto per le Opere Di Religione (IOR); Franciscan Order (OFM), Including Croatian Franciscans; Croatian Cofraternity of the College of San Girolamo Degli Illirici, and its successors, Swiss, Austrian, Argentine, Spanish, Italian, Portuguese, Vatican & German Banking Institutions; Croatian Liberation Movement (HOP),

Defendants-Appellees.

Emil Alperin; Jewgenija Romanova; Maria Dankewitsch; Vladimir Morgunov, on behalf of themselves and all other persons similarly situated; Organization of Ukrainian Anti-fascist Resistance Fighters; Ukrainian Union of Nazi Victims and Prisoners; Vladimir Brodich; William Dorich; Igor Najfeld, on behalf of themselves and all other persons similarly situated; Lizabeth Lalich; Mladen Djuricich; Robert Predrag Gakovich; Nevenka Vukasovic Malinowski; Eli Rotem; Milorad Skoric; Veljko Miljus; Fred Zlatko Harris; Milja Conger; Allen Dolfi Herskovich; Bogdan Kljaic; David Levy; Zdenka Baum Ruchwarger; Vladan Celebonovic; Desa Tomasevic Wakeman; Daniel Pyevich; Koviljka Popovic; Jasenovac Research Institute; The International Union of Former Juvenile Prisoners of Fascism of Ukraine, Russia, and Belarus, on behalf of themselves and all others similarly situated; Organization of Ukrainian Antifascist Resistance Fighters; Ukrainian Union of Nazi Victims and Prisoners,

Plaintiffs-Appellants,

v.

Vatican Bank, aka Institute of Religious Works aka Instituto per le Opere Di Religione (IOR); Franciscan Order (OFM), Including Croatian Franciscans; Croatian Cofraternity of the College of San Girolamo Degli Illirici, and its successors, Swiss, Austrian, Argentine, Spanish, Italian, Portuguese, Vatican & German Banking Institutions; Croatian Liberation Movement (HOP),

Defendants-Appellees.

Argued and Submitted Oct. 7, 2004
Filed April 18, 2005
Amended June 9, 2005

Before TROTT, McKEOWN, Circuit Judges, and SHADUR, Senior District Judge.*

AMENDED OPINION AND AMENDED CONCURRENCE/DISSENT

McKEOWN, Circuit Judge.

We are faced here with the question whether claims for losses allegedly suffered at the hands of a Nazi puppet regime during World War II are cognizable in our courts today. Because these claims, at least superficially, touch on foreign relations and potentially controversial political issues, it is tempting to jump to the conclusion that such claims are barred by the political question doctrine. The Supreme Court has counseled, however, that "it is error to suppose that every case or controversy which touches foreign relations lies beyond judicial cognizance." *Baker v. Carr*, 369 U.S. 186, 211 (1962). The justiciability inquiry is limited to " 'political questions,' not ... 'political cases,'" *id.* at 217, and should be made on a "case-by-case" basis, *id.* at 211.

Although the political question doctrine often lurks in the shadows of cases involving foreign relations, it is infrequently addressed head on. *See, e.g., Hwang Geum Joo v. Japan*, 332 F.3d 679, 682 (D.C. Cir. 2003), *vacated and remanded by* 124 S. Ct. 2835 (2004) (explaining that because the district court did not have subject matter jurisdiction in case involving World War II-era claims against Japan, "[n]or ... need we consider whether the political question doctrine would also bar its adjudication"). The procedural posture of this case, however, places the issue squarely before us.

With these principles in mind, in determining the threshold issue of justiciability, we scrutinize each claim individually. Indeed, in our system of separation of powers, we

---

* The Honorable Milton I. Shadur, Senior United States District Judge for the Northern District of Illinois, sitting by designation.

should not abdicate the court's Article III responsibility—the resolution of "cases" and "controversies"—in favor of the Executive Branch, particularly where, as here, the Executive has declined a long-standing invitation to involve itself in the dispute. We conclude that some of the claims are barred by the political question doctrine and some of the claims are justiciable. Although the parties have multiple procedural and substantive challenges to overcome down the road, they are entitled to their day—or years—in court on the justiciable claims.

A group of twenty-four individuals and four organizations (the "Holocaust Survivors") claim that the Vatican Bank, known by its official title *Istituto per le Opere di Religione*, the Order of Friars Minor, and the Croatian Liberation Movement (*Hrvatski Oslobodilacki Pokret*), profited from the genocidal acts of the Croatian Ustasha political regime (the "Ustasha"), which was supported throughout World War II by Nazi forces. That profit allegedly passed through the Vatican Bank in the form of proceeds from looted assets and slave labor. The Holocaust Survivors brought suit in federal court claiming conversion, unjust enrichment, restitution, the right to an accounting, and human rights violations and violations of international law arising out of the defendants' alleged involvement with the Ustasha during and following World War II.

The Vatican Bank and the Order of Friars Minor moved to dismiss the Holocaust Survivors' complaint on multiple grounds; by agreement of the parties the district court limited its discussion to the issue of whether the Holocaust Survivors' claims should be dismissed under the political question doctrine. The district court reasoned that the political question doctrine bars consideration of the merits of the claims in their entirety. The district court dismissed the action against the Croatian Liberation Movement, which never appeared in the action, on the grounds that the claims were barred by both the political question doctrine and the lack of personal jurisdic-

tion over this defendant. We reverse in part because certain of the Holocaust Survivors' claims—those with respect to lost and looted property (conversion, unjust enrichment, restitution, and an accounting)—are not barred by this doctrine. In contrast, the broad human rights allegations tied to the Vatican Bank's alleged assistance to the war objectives of the Ustasha present nonjusticiable controversies. Like the district court, we hold that the court did not have personal jurisdiction over the Croatian Liberation Movement.[1] Consequently, we see no reason to reach the political question doctrine vis-à-vis this defendant.

Bearing in mind that "[t]he decision to deny access to judicial relief is not one we make lightly," *Liu v. Republic of China*, 892 F.2d 1419, 1433 (9th Cir. 1989) (quoting *Int'l Ass'n of Machinists & Aerospace Workers v. OPEC*, 649 F.2d 1354, 1360 (9th Cir. 1981)), we conclude that the political question doctrine does not create an absolute barrier to the Holocaust Survivors' property claims. To conclude otherwise would be to shirk our judicial role as "[c]ourts in the United States have the power, and ordinarily the obligation, to decide cases and controversies properly presented to them." *W.S. Kirkpatrick & Co. v. Envtl. Tectonics Corp., Int'l*, 493 U.S. 400, 409 (1990).

That said, it bears noting that our initial determination of justiciability in no way reflects any judgment on the threshold legal hurdles that must be overcome or the merits of the

---

[1] Even though a plaintiff need make only a prima facie showing of jurisdiction at this stage in a litigation, *Glencore Grain Rotterdam B.V. v. Shivnath Rai Harnarain Co.*, 284 F.3d 1114, 1119 (9th Cir. 2002), the Holocaust Survivors' bare-bones assertions that the Croatian Liberation Movement has been "active" within the United States at some point and at least a few members have ties to this country are insufficient for us to conclude that the exercise of jurisdiction "does not offend 'traditional notions of fair play and substantial justice.'" *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945) (quoting *Milliken v. Meyer*, 311 U.S. 457, 463 (1940)).

claims. Much of the dissent focuses on downstream issues related to potential procedural and substantive pitfalls of the claims. We do not discount the difficulties that may lie ahead; however, consideration of those issues is premature. Given the passage of time, the generality of the allegations, the question of the applicability of the Foreign Sovereign Immunities Act, intricacies of the alleged claims, the class certification issues, whether the claimants have a cognizable legal claim, and a myriad of other procedural and jurisdictional hurdles, the Holocaust Survivors may indeed face an uphill battle in pursuing their claims. But this spectre of difficulty down the road does not inform our justiciability determination at this early stage of the proceedings.

Our conclusion is rooted in the principles of *Baker* v. Carr. Despite the dissent's cataclysmic and speculative projections about the sweep of our opinion, our decision boils down to letting the common law property claims proceed to the next stage and foreclosing the political, human rights, and war-related claims. In so doing, we respect the limits of our jurisdiction as a national court, recognize the role of the Executive in foreign relations, and stick to our role of interpreting the law.

I. Background

A. World War II and the Ustasha Treasury

The events at issue relate back to the actions of the Vatican during and in the years following World War II.[2] Follow-

---

[2] Regarding terminology, the Vatican City and the Holy See are closely related but not interchangeable entities:

> The term "Holy See" refers to the composite of the authority, jurisdiction, and sovereignty vested in the Pope and his advisers to direct the worldwide Roman Catholic Church. .... Created in 1929 to provide a territorial identity for the Holy See in Rome, the State of the Vatican City is a recognized national territory under international

ing Germany's blitzkrieg through Yugoslavia in 1941, a government composed of members of the Ustasha was proclaimed the head of a protectorate of Italy. *See* Ustasha Treasury Report[3] at 141. The Ustasha regime was supported throughout World War II by German and Italian occupation forces. *Id.*

Although the United States and its allies were aware to some extent of the Ustasha's atrocities, "It is not clear if the Allied leaders clearly grasped that as many as 700,000 victims, most of them Serbs, had been killed at the Ustasha death camps...." *Id.* at 142. The State Department's report describes the Vatican's role in less generous terms: "The Vatican, which maintained an 'Apostolic visitor' in Zagreb from June 1941 until the end of the War, was aware of the killing campaign.... Croatian Catholic authorities condemned the

---

law. The Holy See, however, enters into international agreements and receives and sends diplomatic representatives.

See U.S. Dep't of State, Background Note: The Holy See (Oct. 2004), *available at* http://www.state.gov/r/pa/ei/bgn/3819.htm ("Vatican Background Note"). *See generally* Robert John Araujo, *The International Personality and Sovereignty of the Holy See*, 50 Cath. U.L. Rev. 291 (2001) (providing historical overview of the Holy See's foreign relations and arguing that it is a subject of international law). These nuances are not critical for purposes of this opinion. Therefore, for convenience, the term "Vatican" will be used to refer generally to the Catholic leadership centered in the Vatican City.

[3] In the late 1990s, the U.S. Government prepared a report on the Ustasha wartime treasury as part of a larger effort "to confront the largely hidden history of Holocaust-related assets after five decades of neglect." Bureau of Public Affairs, U.S. Dep't of State, Pub. No. 10557, U.S. Allied Wartime and Postwar Relations and Negotiations With Argentina, Portugal, Spain, Sweden, and Turkey on Looted Gold and German External Assets and U.S. Concerns About the Fate of the Wartime Ustasha Treasury, Supplement to the Preliminary Study on U.S. and Allied Efforts to Recover and Restore Gold and Other Assets Stolen or Hidden by Germany During World War II iii (1998) ("Ustasha Treasury Report").

atrocities committed by the Ustashi, but remained otherwise supportive of the regime." *Id.* at 143.

The connections between the Vatican and the Ustasha reportedly continued in the years following World War II:

> With the defeat in May 1945 of Hitler and his satellites, including puppet Croatia, the leaders of the Ustasha fled to Italy, where they found sanctuary at the pontifical College of San Girolamo in Rome. This College was most likely funded at least in part by the remnants of the Ustasha treasury, and appeared to operate with at least the tacit acquiescence of some Vatican officials.

Id. at xviii. It is unclear to what extent the Vatican was aware of these activities, but the State Department is dubious that they were oblivious to the Ustasha's presence:

> Although no evidence has been found to directly implicate the Pope or his advisers in the postwar activities of the Ustasha in Italy, it seems unlikely that they were entirely unaware of what was going on. Vatican authorities have told us they have not found any records that could shed light on the Ustasha gold question.

Id. at 156.

The size and nature of the Ustasha treasury remains in considerable doubt. According to the State Department, "The figure of 350 million Swiss francs (over $80 million) of Ustasha gold that U.S. intelligence reported in 1946 remains the only attempt to estimate the total financial resources available to the Ustashi at the end of World War II." *Id.* at 150. The State Department cautions that this estimate "remains unsubstantiated and may not include some or all of the sums reported elsewhere." *Id.*

B. The Holocaust Survivors' Claims

This background section on the claims is drawn from the Holocaust Survivors' Third Amended Class Action Com-

plaint (the "Complaint"), which is detailed and lengthy and references a number of outside sources, such as the Ustasha Treasury Report. At this stage of the proceedings, we accept the allegations as true. *See California v. United States*, 104 F.3d 1086, 1089 (9th Cir. 1997) (when reviewing a district court's grant of a motion to dismiss, this court accepts the facts alleged in the complaint as true).

1. PLAINTIFFS

The Complaint was filed on behalf of the named plaintiffs and the following class:

> [A]ll Serbs, Jews, and former Soviet Union citizens (and their heirs and beneficiaries), who suffered physical, monetary and/or property losses including slave labor, due to the systematic and brutal extermination of Jews, Serbs, and Romani by the [Ustasha], and as a result of the occupation of the former Soviet Union by Croatian military forces in concert with their German occupation forces.

The potential class is massive: Plaintiff Ukrainian Union of Nazi Victims And Prisoners "represents over 300,000 former slave and forced laborers, prisoners, concentration camp, and ghetto survivors." The geographic scope of the class is also far reaching with the Ustasha's destruction extending beyond Croatia to Bosnia, Yugoslavia, and the Soviet Union, including Ukraine, Belarus, and Russia.

The jurisdictional bases of the Holocaust Survivors' claims are similarly expansive. They claim jurisdiction pursuant to the Alien Tort Statute, 28 U.S.C. § 1350 ("ATS"), the Foreign Sovereign Immunities Act, 28 U.S.C. § 1605 ("FSIA"), 28 U.S.C. § 1331, federal common law as it incorporates customary international law and treaties, diversity jurisdiction, and California state law.[4]

---

[4] The viability of the Holocaust Survivors' claims apart from the issue of the political question doctrine is not before us. Nevertheless, looking

2. DEFENDANTS

The Complaint does not name the Vatican itself as a defendant but rather focuses on a closely related entity, the Vatican Bank.[5] The exact relationship between the Vatican and the Vatican Bank is less than clear at this stage of the proceedings. We are in no position to make a substantive judgment about the nature of the Vatican Bank.[6] The Com-

---

ahead, we note that the statutory grounds on which the Holocaust Survivors base their claims have, for the most part, not fared well in recent litigation. Just last term, the Supreme Court limited the ATS in *Sosa v. Alvarez-Machain*, 124 S. Ct. 2739, 2764 (2004) (curtailing the scope of actionable international norms under the ATS but explaining that "the door is still ajar subject to vigilant doorkeeping"); *see also Weiss v. Am. Jewish Comm.*, 335 F. Supp. 2d 469 (S.D. N.Y. 2004) (dismissing claim under the ATS for injunctive relief in connection with the construction of a Holocaust memorial in light of the Court's holding in *Sosa*). The contours of the FSIA have also changed with the Supreme Court's holding in *Republic of Austria v. Altmann*, 541 U.S. 677 (2004), that the FSIA applies retroactively. *See also Abrams v. Societe Nationale des Chemins de Fer Francais*, 389 F.3d 61, 64-65 (2d Cir. 2004) (dismissing case for lack of subject matter jurisdiction because the French government's acquisition of defendant railroad company immunized it from suit under the FSIA). In *Deutsch v. Turner Corp.*, 324 F.3d 692, 719 (9th Cir. 2003), we held that a California statute on which the Holocaust Survivors' claims are based in part, Cal. Civ. Proc. Code § 354.6, unconstitutionally intruded on the foreign affairs power of the federal government. We leave the district court to determine in the first instance to what extent the Holocaust Survivors have correctly invoked these and other jurisdictional bases.

[5] The Complaint also names "Unknown Catholic Religious Orders," a number of banking institutions (both named institutions and "Does # 1-100") and "unknown recipients of Nazi and Ustasha loot" as defendants. The Holocaust Survivors voluntarily dismissed their claims against defendant Swiss National Bank in 2002.

[6] Like its other ominous projections, the dissent jumps ahead to conclude that this suit is "functionally" against "the Vatican itself" and "the Vatican Bank, which is an instrumentality of the sovereign state of the Vatican," and possibly even the Pope. Dissent at 52a. But we are nowhere near the point of making such an assessment. Because this case comes to

plaint, which we accept at face value, distinguishes between the two entities. The Vatican Bank has its principal place of business in the Vatican City and is headed by a Bishop, but it conducts transactions worldwide including "for-profit merchant banking transactions in the United States, California, and elsewhere."

The actual dealings of the bank, however, are murky. Indeed, the Vatican Bank's holdings and its specific transactions are opaque. In his declaration in support of the Holocaust Survivors' motion for early jurisdictional discovery, John Loftus—a former prosecutor with the U.S. Department of Justice's Nazi-hunting unit—attests, "The Vatican Bank is one of the most secretive financial institutions in the world. The exact nature and ownership of the Vatican Bank is difficult to ascertain owing to the secrecy surrounding it."

The bank's dealings and ownership may be shrouded in mystery, but the Vatican considers itself to have a stake in the outcome of these proceedings. In specific reference to this case, the Vatican's Secretariat of State sent a Verbal Note of Protest, dated October 23, 2000, to the U.S. Embassy in Rome requesting as follows:

> Basing itself upon the diplomatic relations which exist between the United States of America and the Holy See, as well as the recognition which the Government of the United States has accorded to the sovereignty of the Holy See and of Vatican City State, the Secretariat of State re-

---

us at the motion to dismiss stage, we must accept the Complaint's demarcation between the Vatican Bank, which is named as a defendant, and the Vatican, which is not named as a defendant. Further, the potential overtones that this case may have on relations with the Vatican leadership do not, as the dissent suggests, warrant dismissal. *See Antolok v. United States*, 873 F.2d 369, 392 (D.C. Cir. 1989) (Wald, C.J., concurring in judgment only) ("I read [*Baker v. Carr*] as a reminder that our focus should be on the particular issue presented for our consideration, not the ancillary effects which our decision may have on political actors.").

quests the intervention of the Federal Government of the United States of America.

The Order of Friars Minor joined the Vatican Bank in bringing the motion to dismiss. A religious brotherhood founded by St. Francis Assisi, the organization includes "several Croatian Franciscan Orders in California, the United States, Croatia, and Italy." During World War II, "Many high officials of the Ustasha government were Roman Catholic clergy and, in particular, Franciscans." These ties continued after the war with the Order of Friars Minor providing aid to former Ustasha.

Neither the district court nor the Holocaust Survivors distinguished between the Vatican Bank and Order of Friars Minor in the treatment of the political question doctrine. Likewise, because no distinction can be made on the basis of the pleadings, we also address the two defendants together. For ease of reference, from this point on in the opinion we refer to them collectively as the "Vatican Bank."

The third defendant, the Croatian Liberation Movement, is identified "as the successor to the Ustasha government." The Croatian Liberation Movement allegedly "functioned as a government in exile and coordinated terrorist activities in the United States and elsewhere."

3. CAUSES OF ACTION

The Complaint describes in detail the atrocities inflicted on the Holocaust Survivors during World War II by the Ustasha and, more generally, by allied Fascists "believed to be Croatians." In addition to describing the looting of assets, the Complaint recites genocidal acts of the Ustasha, including those carried out at the "Jasenovac Concentration Camp complex, termed by historians as the 'Auschwitz of the Balkans.'"

Upon the collapse of the Ustasha regime in 1945, the Holocaust Survivors maintain that "all or a portion of the Ustasha Treasury was transferred to cooperative Roman

Catholic clergyman [sic] and Franciscans for transport to Rome where Franciscans sympathetic to the Ustasha were based." These funds eventually found their way into the hands of the Vatican Bank, among other recipients. As alleged in the Complaint, "A 1948 U.S. Army Intelligence reports [sic] confirmed 2,400 kilos of Ustasha stolen gold were moved from the Vatican to one of the Vatican's secret Swiss bank accounts." In the decades following World War II, the Holocaust Survivors contend that the Vatican Bank and the Croatian Liberation Movement continued to profit from transactions involving the Ustasha treasury.

Having set forth these general allegations, the Complaint advances five causes of action:

Conversion: The Holocaust Survivors first allege, "Defendants ... have willfully and wrongfully misappropriated and converted the value of [property taken from the Holocaust Survivors] and its derivative profits into their own property."

Unjust Enrichment: Second, defendants were unjustly enriched by "receiv[ing] stolen property given to them by members of the Ustasha Regime, which rightfully belongs to [the Holocaust Survivors], as well as the value of slave labor performed."

Restitution: The Holocaust Survivors allege in their third claim that their "goods and property have been taken, thus denying [them] the use and enjoyment thereof; Defendants have wrongfully used and profited from that property." Maintaining that "compensation in damages is inadequate in that the property taken cannot be replaced and the harm inflicted cannot be undone by mere compensation," the Holocaust Survivors call for "equitable remedies."

Accounting: Fourth, the Holocaust Survivors request "the equitable remedy of accounting," alleging that "Defendants have never accounted for or paid the value of Plaintiffs' property or the profits which Defendants have derived from

that property, either during World War II or since World War II ended."

Human Rights Violations and Violations of International Law: Finally, the Holocaust Survivors allege:

> Defendants participated in the activities of the Ustasha Regime in furtherance of the commission of war crimes, crimes against humanity, crimes against peace, torture, rape, starvation, physical and mental abuse, summary execution and genocide. Specifically, the actions and conduct of Defendants, in addition to being profitable, actively assisted the war objectives of the Ustasha Regime.

The Complaint condemns the defendants' aiding and abetting of war criminals after World War II by helping them to evade prosecution and to preserve the Ustasha treasury.

The Holocaust Survivors cite a multitude of legal bases for these claims: "Defendants' actions were in violation of numerous international treaties and the fundamental human rights laws prohibiting genocide, war crimes, crimes against humanity and crimes against peace. Defendants' actions violated customary international law...." They also claim that "Defendants committed torts under the laws of the United States, requiring Defendants to pay ... appropriate compensatory and punitive damages for ... injuries and losses."

C. Overview of the Political Question Doctrine

Our inquiry proceeds from the age-old observation of Chief Justice Marshall that "[q]uestions, in their nature political, or which are, by the constitution and laws, submitted to the executive, can never be made in this court." *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 170 (1803). Although the principle behind the political question doctrine was announced over two hundred years ago in *Marbury*, the Supreme Court has addressed the doctrine in surprisingly few cases. *See Atlee v. Laird*, 347 F. Supp. 689, 693-703 (E.D.

Pa. 1972) (three-judge court), *aff'd sub nom. mem.*, *Atlee v. Richardson*, 411 U.S. 911 (1973), (detailed "case by case" analysis of the development of the doctrine).

In the landmark case of *Baker v. Carr*, the Supreme Court provided its most comprehensive discussion on the application of the doctrine. Recognizing that the attributes of the political question doctrine "diverge, combine, appear, and disappear in seeming disorderliness" in various settings, the Court set out to illuminate the "contours" of the doctrine. 369 U.S. at 210-11; *see also* Erwin Chemerinsky, Constitutional Law: Principles and Policies § 2.8.1 (1997) ("In many ways, the political question doctrine is the most confusing of the justiciability doctrines."). The Court explained that the political question doctrine has its roots in the separation of powers and set forth six formulations for courts to consider in determining whether they should defer a case to the political branches:

> Prominent on the surface of any case held to involve a political question is found [1] a textually demonstrable constitutional commitment of the issue to a coordinate political department; or [2] a lack of judicially discoverable and manageable standards for resolving it; or [3] the impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; or [4] the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; or [5] an unusual need for unquestioning adherence to a political decision already made; or [6] the potentiality of embarrassment from multifarious pronouncements by various departments on one question.

369 U.S. at 217.

Dismissal on the basis of the political question doctrine is appropriate only if one of these formulations is "inextricable" from the case. *Id.* Although termed as "formulations" in

Baker, the plurality in *Vieth v. Jubelirer*, 541 U.S. 267, 124 S. Ct. 1769, 1776 (2004), recently described these criteria as "six independent tests." But these tests are more discrete in theory than in practice, with the analyses often collapsing into one another. *See Nixon v. United States*, 506 U.S. 224, 228-29 (1993) (describing interplay between the first and second *Baker* tests). This overlap is not surprising given the common underlying inquiry of whether the very nature of the question is one that can properly be decided by the judiciary.

Addressing foreign affairs specifically, *Baker* cautioned against "sweeping statements" that imply all questions involving foreign relations are political ones. 369 U.S. at 211 (citing *Oetjen v. Cent. Leather Co.*, 246 U.S. 297, 302 (1918) ("The conduct of the foreign relations of our Government is committed by the Constitution to the Executive and Legislative—'the political'—Departments of the Government, and the propriety of what may be done in the exercise of this political power is not subject to judicial inquiry or decision.")). Instead, the Court instructed that courts should undertake a discriminating case-by-case analysis to determine whether the question posed lies beyond judicial cognizance. 369 U.S. at 211. Informing this inquiry are considerations of "the history of [the question's] management by the political branches," its "susceptibility to judicial handling," and "the possible consequences of judicial action." *Id.* at 211-12.

Despite this caution that it is impossible to decide cases raising the political question doctrine "by any semantic cataloguing," *id.* at 217, certain families of cases have emerged in the foreign affairs realm. *See, e.g., Japan Whaling Ass'n v. Am. Cetacean Soc'y*, 478 U.S. 221, 229-31 (1986) (interpretation of statutes involving foreign affairs is a justiciable question); *Goldwater v. Carter*, 444 U.S. 996, 1002-04 (1979) (four-justice plurality concluding that a challenge to the President's unilateral termination of a treaty presents a political question); *Ludecke v. Watkins*, 335 U.S. 160, 168 (1948) (termination of war is a political question); *Oetjen*, 246 U.S.

at 302 (Executive's recognition of a foreign government is a political question). In general, however, *Baker's* admonition has proved true that most cases involving foreign affairs fail to fall neatly into categories on one side or the other of the justiciable/nonjusticiable line. As a result, the overarching *Baker* tests remain the starting point of our inquiry.

Following *Baker*, the Supreme Court has not retreated from the analytical framework it established. *See Vieth*, 124 S. Ct. at 1776 (reiterating *Baker* formulations); *Davis v. Bandemer*, 478 U.S. 109, 121-27 (1986) (reciting *Baker* formulations and declining Justice O'Connor's implicit invitation to rethink that approach). Subsequent decisions have elaborated on the various criteria. In particular, the *Vieth* plurality's observation that the *Baker* tests "are probably listed in descending order of both importance and certainty," 124 S. Ct. at 1776, is borne out by the disproportionate emphasis on the first two tests in both Supreme Court and lower court cases. *See, e.g., Powell v. McCormack*, 395 U.S. 486, 548-49 (1969) (dismissing five *Baker* formulations as inapplicable in two paragraphs after an extensive discussion of the first test); *see also El-Shifa Pharm. Indus. Co. v. United States*, 378 F.3d 1346, 1367 (Fed. Cir. 2004) (focusing on first *Baker* formulation in holding that the Constitution, "in its text and by its structure, commits to the President the power to make extraterritorial enemy property designations"); *Made in the USA Found. v. United States*, 242 F.3d 1300, 1312-19 (11th Cir. 2001) (briefly addressing "prudential considerations" after analyzing the first and second *Baker* formulations at length in concluding that the question of what constitutes a treaty is a political question); *In re African-American Slave Descendants Litig.*, 304 F. Supp. 2d 1027, 1056-63 (N.D. Ill. 2004) (discussing first and second *Baker* formulations extensively in determining that slave reparation claims were not justiciable). *But see United States v. Munoz- Flores*, 495 U.S. 385, 390-93 (1990) (briefly dismissing other *Baker* formulations after explaining that mere judicial scrutiny of a congressional enact-

ment does not show a lack of respect for Congress under the fourth *Baker* formulation). Similarly, the district court in this case addressed only the first and second considerations and found that both counseled in favor of dismissal.

Perhaps not surprisingly, our analysis also focuses on the first two considerations because they are the most significant in the face of the specific allegations of the Complaint. Before we proceed to evaluate the Holocaust Survivors' claims, it is useful to take a short detour through the World War II Holocaust claims cases as they pertain to the political question doctrine.

D. The Political Question Doctrine and World War II-Era Claims

The late 1990s saw a flurry of legal activity over Holocaust-era claims after years of quietude. *See* Michael J. Bazyler, *Nuremberg in America: Litigating the Holocaust in United States Courts*, 34 U. Rich. L. Rev. 1, 19 (2000) ("A total of ten cases involving Holocaust-era claims were filed in the United States between the end of World War II and October 1996, the start of the new era of Holocaust-claim litigation.").[7] The cases break down into several categories: finding of justiciability, finding of no justiciability, and skirting the political question doctrine or not reaching the doctrine.

The Eleventh Circuit's recent decision involving claims against banks falls into the first category. The court held that claims against two German banks that profited from the practice of Aryanization during World War II were not political questions. *See Ungaro-Benages v. Dresdner Bank AG*, 379 F.3d 1227, 1235-37 (11th Cir. 2004).

---

[7] In addition to Michael Bazyler's comprehensive review of Holocaust-era litigation, Burt Neuborne, counsel to various parties in Holocaust litigation, provides a helpful overview of the path of these cases. *See* Burt Neuborne, *Preliminary Reflections on Aspects of Holocaust-era Litigation in American Courts*, 80 Wash. U. L.Q. 795 (2002).

In contrast, the district court in this case relied heavily on litigation in federal district courts in New Jersey in which the courts determined that various Holocaust claims raised non-justiciable political questions.[8] *See Burger-Fischer v. DeGussa AG*, 65 F. Supp. 2d 248 (D.N.J. 1999); *Iwanowa v. Ford Motor Co.*, 67 F. Supp. 2d 424 (D.N.J. 1999).[9]

Other courts fielding Holocaust-era claims have skirted the political question doctrine. *See, e.g., Garb v. Republic of Poland*, 72 Fed. Appx. 850, 855 n.1 (2d Cir. 2003), *vacated and remanded by* 124 S. Ct. 2835 (2004) (cautioning in remanding claims brought by Jews against defendant states and their instrumentalities that the district court's "necessary factual inquiry should be conducted with appropriate attention to separation-of-powers concerns, inasmuch as the conduct of foreign relations is delegated to the political branches, and the adjudication of claims that risk significant interference with foreign relations policy may raise justiciability concerns") (citations omitted); *Goldstein v. United States*, No. 01-0005,

---

[8] The Holocaust Survivors argue that it was improper for the district court to rely on these out-of-circuit district court cases. Although these cases cannot be viewed as precedent, it certainly was not improper for the district court to reference them and consider analogous principles. *See Hart v. Massanari*, 266 F.3d 1155, 1169 (9th Cir.2001) (acknowledging practice of considering out-of-circuit cases when ruling on a novel issue of law). The Holocaust Survivors further challenge the use of these cases as improper in light of *Deutsch*. *See* 324 F.3d at 713 n.11. In *Deutsch*, we did not, however, reject the New Jersey cases wholesale but rather criticized the district court for invoking the political question doctrine when all that was required was "the simple application of the requirements of a treaty to which the United States is a party." *Id.*

[9] Following the district courts' dismissals of *Burger-Fischer* and *Iwanowa*, the plaintiffs pursued expedited appeals to the Third Circuit Court of Appeals. Neuborne, *supra* note 7, at 815. The appeals were adjourned in light of the impending establishment of a foundation to handle claims against German companies, and the appeals were "ultimately voluntarily dismissed in May 2001 in connection with the establishment of the German Foundation." *Id.*

2003 U.S. Dist. LEXIS 19266 (D.D.C. Apr. 23, 2003) (memorandum opinion) (failing to reach political question doctrine because claims were barred by the doctrine of sovereign immunity in suit by Hungarian Jews against the United States for failure to take action to prevent the deaths of Jews during World War II and for recovery of stolen assets); *Bodner v. Banque Paribas*, 114 F. Supp. 2d 117, 129 n.9 (E.D.N.Y. 2000) (explaining in case alleging French banks had failed to return assets seized during the Holocaust that the political question doctrine was "not even raised by the defendants here and [is] irrelevant to these facts in any event").

Still other courts have not reached the issue because the cases were settled prior to ruling on the defendants' motions to dismiss. *See In re Austrian & German Bank Holocaust Litig.*, 80 F. Supp. 2d 164 (S.D. N.Y. 2000) (overseeing settlement proceedings in case against Austrian banks); *In re Holocaust Victim Assets Litig.*, 105 F. Supp. 2d 139 (E.D.N.Y. 2000) (overseeing settlement proceedings in Swiss Bank litigation).

With these varied views as a backdrop, we turn to consideration of the Holocaust Survivors' claims.

II. Discussion

On appeal, the Holocaust Survivors address the first, second, and sixth *Baker* tests. The Vatican Bank maintains that the Holocaust Survivors' claims present political questions under all of the *Baker* tests. Because any single test can be dispositive, we address each in our discussion. Just as significantly, while we agree with the district court that certain types of claims arising out of World War II are properly left to the political branches, we take a surgical approach rather than a broad brush in benchmarking the *Baker* formulations against the individual claims. It is incumbent upon us to examine each of the claims with particularity.

The dissent would have the political question doctrine remove from our courts "all matters that fall by their constitu-

tional DNA into this sphere [of conduct involving foreign relations]." Dissent at 52a. This over-inclusive approach threatens to sweep all cases touching foreign relations beyond the purview of the courts—a practice warned against in *Baker*. *See* 369 U.S. at 210-11 ("Much confusion results from the capacity of the 'political question' label to obscure the need for case-by-case inquiry."). The Court's emphasis in *Baker* on "the necessity for discriminating inquiry into the precise facts and posture of the particular case," *id.* at 217, "is not merely hortatory," *McMellon v. United States*, 387 F.3d 329, 374 (4th Cir. 2004) (en banc) (Luttig, J., dissenting). We therefore decline from reflexively invoking the doctrine merely because the Holocaust Survivors' claims implicate foreign relations and instead proceed with a discriminating inquiry.

We conclude that the claims for conversion, unjust enrichment, restitution, and an accounting[10] with respect to lost and looted property are not committed to the political branches (the "Property Claims"). Recovery for lost and looted property, however, stands in stark contrast to the broad allegations tied to the Vatican Bank's alleged assistance to the war objectives of the Ustasha, including the slave labor

---

[10] The Holocaust Survivors are asking *the court* to order the Vatican Bank to provide the necessary information to conduct an accounting. This request contrasts with cases in which plaintiffs have asked courts to require *the political branches* to take action. *See, e.g., Earth Island Inst. v. Christopher*, 6 F.3d 648, 653-54 (9th Cir. 1993) (denying request that the court compel the Secretary of State to initiate negotiations with foreign nations); *see also Koohi v. United States*, 976 F.2d 1328, 1332 (9th Cir. 1992) ("Damage actions are particularly judicially manageable" whereas "the framing of injunctive relief may require the courts to engage in the type of operational decision-making ... constitutionally committed to other branches."). It is an open question whether the Holocaust Survivors will be able to gain access to the information needed for an accounting without diplomatic intervention considering that "[a] full accounting of the events of the Ustasha period ... has to be found in the archives of other nations and possibly the Vatican." Ustasha Treasury Report, *supra* note 3, at 154.

claims, which essentially call on us to make a retroactive political judgment as to the conduct of war (the "War Objectives Claims"). Such judgment calls are, by nature, political questions. With this bifurcation as a framework, we first address the Property Claims.

A. PROPERTY CLAIMS

None of the *Baker* formulations are inextricable from the Property Claims. Simply because a foreign bank is involved and the case arises out of a "politically charged" context does not transform the Property Claims into political questions. *See Kadic v. Karadzic*, 70 F.3d 232, 249 (2d Cir. 1995) (holding that political question doctrine did not bar adjudication of claims brought under the ATS against a Bosnian-Serb leader for committing genocide and other atrocities).

As these excerpts from the Complaint demonstrate, the Property Claims consist of garden-variety legal and equitable claims for the recovery of property:

- "Looted Assets" is defined in the Complaint as including, *inter alia*, "cash, securities, silver, gold, jewelry, businesses, art masterpieces, equipment and intellectual property" that were improperly taken by any person or entity acting in furtherance of the Nazi or Ustasha regime.
- The second largest apparel factory in Yugoslavia was confiscated from the family of plaintiff Fred Zlatko Harris, including "50 advanced industrial Singer sewing machines." The family's investment real estate, car, and motorcycle were also confiscated by Ustasha forces.
- The "Ustasha and Germans" looted property "valued by the Tito government in 1948 in excess of $1,500,000 in prewar dollars" from the textile manufacturing assets of plaintiff Allen Dolfi Herskovich's family.

- Plaintiff Desa Tomasevic Wakeman describes how "money and other belongings including gold" were taken from her mother and grandmother by Ustasha forces.
- The looted assets were collected from a wide geographic area, with "[t]he Ustasha Treasury contain[ing] plunder from Ukraine and assets seized from the Ustasha victims in Yugoslavia."
- The Complaint lists whether the Vatican Bank "improperly retained or converted looted assets" belonging to the Holocaust Survivors as one of the common questions of fact for the proposed class.
- The Vatican Bank was unjustly enriched by "receiv[ing] stolen property given to [it] by members of the Ustasha Regime." The Holocaust Survivors further seek restitution for their "goods and property" that the Vatican Bank "wrongfully used and profited from."
- The Holocaust Survivors request that the court direct the Vatican Bank "to return all identifiable property looted from Plaintiffs and received by Defendants" and pay "the value [plus interest] of any identified property deposited by, or looted from, Plaintiffs and received by Defendants."

1. Textually Demonstrable Commitment

Beginning logically with the first *Baker* test, we divine no explicit constitutional reference that is applicable to this case. *Cf. Gilligan v. Morgan*, 413 U.S. 1, 5-11 (1973) (noting the Constitution's explicit vesting of power in Congress to "organiz[e] ... the Militia" in holding that a suit seeking to restrain the Governor's use of National Guard troops presented political questions). More often, however, "there are few, if any, explicit and unequivocal instances in the Constitution of this sort of textual commitment.... The courts there-

fore are usually left to infer the presence of a political question from the text and structure of the Constitution." *Nixon*, 506 U.S. at 240-41 (White, J., concurring). In *Nixon*, the Court undertook an expansive review of the history of the Impeachment Trial Clause in concluding that the language and structure of the Constitution textually commits impeachment determinations to the Senate. *Id.* at 233-36; *see also Powell*, 395 U.S. at 520-48 (1969) (engaging in a similarly extensive review of the text and history behind the expulsion power in Article I, Section 5, to discern whether it grants Congress judicially unreviewable power to set qualifications of membership).

Here we are not faced with analyzing a specific clause of the Constitution but rather proceed from the understanding that the management of foreign affairs predominantly falls within the sphere of the political branches and the courts consistently defer to those branches. *See, e.g., Am. Ins. Ass'n v. Garamendi*, 539 U.S. 396, 422 n.12 (2003) ("[I]n the field of foreign policy, the President has the 'lead role.'") (quoting *First Nat'l City Bank v. Banco Nacional de Cuba*, 406 U.S. 759, 767 (1972)); *Oetjen*, 246 U.S. at 302 (emphasizing that the conduct of foreign relations is committed to the political branches and is not subject to judicial inquiry); *Mingtai Fire & Marine Ins. Co. v. United Parcel Service*, 177 F.3d 1142, 1144 (9th Cir. 1999) (quoting *United States v. Pink*, 315 U.S. 203, 222-23 (1942)) ("[T]he conduct of foreign relations is committed by the Constitution to the political departments of the Federal Government; [and] ... the propriety of the exercise of that power is not open to judicial review."). Notwithstanding this general commitment of foreign relations to the political branches, in *Baker*, the Court cautioned that whether a court should defer to the political branches is a case-by-case inquiry because "it is error to suppose that every case or controversy which touches foreign relations lies beyond judicial cognizance." 369 U.S. at 211.

Our inquiry is further based on the premise that, unlike some World War II-era claims, the Holocaust Survivors' claims are not expressly barred by treaty.[11] U.S. Const. art. II, § 2, cl. 1 (granting the President the power to make treaties); *see, e.g., In re World War II Era Japanese Forced Labor Litig.*, 114 F. Supp. 2d 939, 945 (N.D. Cal. 2000), *aff'd, Deutsch v. Turner Corp.*, 324 F.3d 692 (9th Cir. 2003), (determining that the 1951 Peace Treaty with Japan essentially precludes all claims arising out of actions taken by Japan and its nationals during World War II).

Nor are the Holocaust Survivors' claims against the Vatican Bank the subject of an executive agreement. *See Garamendi*, 539 U.S. at 415-16 ("Historically, wartime claims against even nominally private entities have become issues in international diplomacy, and three of the postwar settlements dealing with reparations implicating private parties were made by the Executive alone."); *Dames & Moore v. Regan*, 453 U.S. 654, 680 (1981) ("Crucial to our decision today is the conclusion that Congress has implicitly approved the practice of claim settlement by executive agreement.").

In other circumstances, the Executive Branch has taken formal steps to intervene in certain claims arising out of the Holocaust. Most notably, the United States and Germany signed an executive agreement in July 2000 in which Ger-

---

[11] The dissent suggests that the Treaty of Peace with Italy, Feb. 10, 1947, art. 75, 61 Stat. 1245, 1400-01, controls this case. *See* Dissent at 567-68. This emphasis is misplaced. The treaty was concluded with Italy, not the Vatican. See Vatican Background Note, *supra* note 2 ("Lateran Pacts confirming independence and sovereignty of The Holy See signed with Italy on February 11, 1929."). Further, as previously noted, because this case comes to us at the motion to dismiss stage, we must accept the Complaint's demarcation between the Vatican Bank, which is named as a defendant, and the Vatican, which is not named as a defendant. To the extent further discovery resolves the legal and political status of the Vatican bank vis-à-vis the Vatican and/or Italy, the treaty could have some bearing. At this juncture, however, it is not applicable to the claims as plead.

many agreed to enact legislation establishing a foundation (the "Foundation") to oversee the compensation of those "who suffered at the hands of German companies during the National Socialist era and World War II." Agreement Concerning the Foundation "Remembrance, Responsibility and the Future," July 17, 2000, U.S.-F.R.G., 39 I.L.M. 1298, 1298 ("Foundation Agreement");[12] *see also Garamendi*, 539 U.S. at 405-08 (describing the Foundation Agreement and similar agreements concluded with Austria and France).

The Holocaust Survivors' case is distinguishable from those involving the Foundation in that there is no analogous executive agreement covering claims to the Ustasha treasury. Despite the dearth of formalized accords, the Vatican Bank counters—and the district court agreed—that the absence of an agreement covering the Holocaust Survivors' claims is not dispositive of the issue. We agree. The question then comes back to whether the Property Claims are the type of claims committed to the political branches for resolution.

We do not have much guidance in evaluating the nature of the non-treaty, non-executive agreement claims. At bottom, the Property Claims simply seek restitution for looted assets belonging to purported class members. Reparation for steal-

---

[12] Courts have been inconsistent as to whether the Foundation Agreement precludes private litigation. *Compare Ungaro-Benages*, 379 F.3d at 1235 (explaining in holding that the political question doctrine did not act as a bar that "the plain text of the Foundation Agreement anticipates that federal courts will consider claims against German corporations") *with In re Nazi Era Cases Against German Defendants Litig.*, 334 F. Supp. 2d 690, 696-97 (D.N.J. 2004) (holding claim against German company arising out of so-called Nazi "medical experiments" was nonjusticiable on the basis of "[t]he history of foreign policy commitments devoted to the resolution of Holocaust-era claims, coupled with the relatively recent creation of the Foundation"); *see also Neuborne*, *supra* note 7, at 824 n.101 ("[The] precatory Statement of Interest [called for in the Foundation Agreement] has no preclusive effect. It leaves to the discretion of an Article III court whether additional Holocaust-era litigation should be entertained.").

ing, even during wartime, is not a claim that finds textual commitment in the Constitution.

The Holocaust Survivors do not, for example, seek back rent due a New York landlord from a country whose diplomats were expelled from the United States, *767 Third Ave. Assocs. v. Consulate Gen. of the Socialist Fed. Republic of Yugoslavia*, 218 F.3d 152 (2d Cir. 2000), or request an asset freeze based on a declaration that the Communist Vietnam government is an enemy of the United States, *Can v. United States*, 14 F.3d 160 (2d Cir. 1994), or challenge the executive power under the Hostage Act, *Smith v. Reagan*, 844 F.2d 195 (4th Cir. 1988), or raise a claim contingent on the safety and effectiveness of a military exercise, *Aktepe v. United States*, 105 F.3d 1400 (11th Cir. 1997), or present claims arising out of the CIA's involvement in the anti-Allende coup in Chile, *Schneider v. Kissinger*, 310 F. Supp. 2d 251 (D.D.C. 2004), or question the recognition of a foreign government, *Antolok*, 873 F.2d at 379-85.

Instead, the claims here bear more similarities to the property claims considered by the Supreme Court last year in *Altmann*. *See* 124 S. Ct. at 2243. Altmann brought suit against Austria and its national art gallery seeking to recover six Klimt paintings that were allegedly wrongfully obtained by the gallery after Nazi forces seized them during World War II. *Id.* The Court granted certiorari on the limited question of whether the FSIA applies retroactively, *id.*, and did not address the political question doctrine. Nonetheless, that the Court allowed the case to proceed underscores that courts have a place in deciding Holocaust-era claims concerning looted assets. *Cf. Rosner v. United States*, 231 F. Supp. 2d 1202, 1204 (S.D. Fla. 2002) (denying motion to dismiss, in part, in case alleging that the United States seized valuables belonging to Hungarian Jews after World War II).

Significantly, the United States itself brought an action in federal district court in New York seeking civil forfeiture of a painting that the United States claimed was about to be ex-

ported in violation of the National Stolen Property Act. *See United States v. Portrait of Wally*, No. 99 Civ. 9940, 2002 U.S. Dist. LEXIS 6445 (S.D.N.Y. Apr. 12, 2002). "Wally," which was on loan from a museum in Austria, was taken from victims of the Holocaust during World War II. *Id.* at *6. The court rejected Austria's argument, as amicus curiae, that the court should not hear the case because of the political question doctrine. *Id.* at *38 (determining that none of the six *Baker* formulations was present). Although the claim was in rem in nature, rather than for damages, the consideration under *Baker*'s first test is the same.

As with *Portrait of Wally* and *Altmann*, the Property Claims ultimately boil down to whether the Vatican Bank is wrongfully holding assets. Deciding this sort of controversy is exactly what courts do. The presence of a foreign defendant with some relationship to a foreign government and claims stemming from World War II atrocities tinge this case with political overtones, but the underlying property issues are not "political questions" that are constitutionally committed to the political branches.

The dissent's rhetoric aside, the question here is whether the suit should be stopped dead because of the political question doctrine. If Judge Trott contests the broad jurisdiction of U.S. courts to hear suits involving foreigners, or the scope of the FSIA—issues that are not even presented at this stage of the proceeding—then his recourse is with Congress, not a quarrel with the majority. Our holding does not, as the dissent contends, "extend [ ] the concept of judicial authority into unknown territory and mistakenly exercise [ ] power and competence that plainly belongs to the President and to Congress." Dissent at 61a. Nor does it raise the spectre of a "World Court ... with breathtaking and limitless jurisdiction to entertain the World's failures." Dissent at 58a. Rather, we hold true to a fundamental principle behind our separation of powers design, namely that "[i]t is emphatically the province and duty of the judicial department to say what the law is."

Marbury, 5 U.S. (1 Cranch) at 177. Because the Property Claims do not raise questions "entrusted to one of the political branches or involv[ing] no judicially enforceable rights," *Vieth*, 124 S. Ct. at 1776, we fulfill our duty to say what the law is.

2. Judicially Discoverable and Manageable Standards

The Supreme Court discussed the second *Baker* test at length last term in *Vieth*. The plurality explained that political gerrymandering claims are nonjusticiable because no judicially discernible and manageable standards for adjudicating such claims exist: "One of the most obvious limitations imposed by that requirement is that judicial action must be governed by standard, by rule." 124 S. Ct. at 1777. In response to Justice Kennedy's concern that the plurality's decision was premature,[13] Justice Scalia replied, "But it is the function of the courts to provide relief, not hope." *Id.* at 1791. The crux of this inquiry is thus not whether the case is unmanageable in the sense of being large, complicated, or otherwise difficult to tackle from a logistical standpoint. Rather, courts must ask whether they have the legal tools to reach a ruling that is "principled, rational, and based upon reasoned distinctions." *Id.* at 1777.

---

[13] Abiding by the rule that when "no single rationale explaining the result enjoys the assent of five Justices, the holding of the Court may be viewed as that position taken by those Members who concurred in the judgments on the narrowest grounds," *Marks v. United States*, 430 U.S. 188, 193 (1977) (internal quotation marks omitted), we treat the position enunciated in Justice Kennedy's concurrence as controlling. Although agreeing with the majority that the Court should refrain from intervention in the case at bar, Justice Kennedy declined to join the plurality in holding that all political gerrymandering claims are nonjusticiable. *Vieth*, 124 S. Ct. at 1793 (Kennedy, J., concurring) ("I would not foreclose all possibility of judicial relief if some limited and precise rationale were found to correct an established violation of the Constitution in some redistricting cases.").

In conducting this inquiry, the refusal of five Justices in *Vieth* to hold that no manageable standard existed despite what the plurality termed "[e]ighteen years of essentially pointless litigation," *id.* at 1792, counsels against holding a case nonjusticiable under the second *Baker* test without first undertaking an exhaustive search for applicable standards. *See id.* at 1795-96 (Kennedy, J., concurring) (calling for "err[ing] on the side of caution" in refraining from concluding that no manageable standards will emerge in the future). As Justice Ginsburg optimistically wrote, although "courts have been trying to devise practical criteria for political gerrymandering for nearly 20 years" without reaching a workable solution, "I do not accept it as sound counsel for despair." *Id.* at 1815-16 (Ginsburg, J., dissenting).

The district court determined that the second *Baker* test required dismissal, explaining that the Holocaust Survivors' case presents "intractable problems," including the task of identifying and notifying potential class members, the "multitude of sources" from which relevant materials would be gathered, and the likelihood that the parties would be able to gather all of the "pertinent data." It is not surprising that the district court zeroed in on "manageable standards" for deciding the case. The *Baker* language is not crystal clear in this regard and, understandably, other courts have similarly focused on case management. *See, e.g., Iwanowa*, 67 F. Supp. 2d at 488-89 ("[T]he relevant materials come from a multitude of sources, which ... are voluminous and potentially unmanageable for individual courts to handle.")

Lest there be any doubt, *Vieth* refines and redirects the inquiry. In light of the Court's clarification in *Vieth*, we take a slightly different approach to interpreting the phrase "judicially discoverable and manageable standards." Instead of focusing on the logistical obstacles, we ask whether the courts are capable of granting relief in a reasoned fashion or, on the other hand, whether allowing the Property Claims to go forward would merely provide "hope" without a substantive

legal basis for a ruling. *See Vieth*, 124 S. Ct. at 1791. We conclude that there are sound bases for providing relief.

The Holocaust Survivors' most straightforward claims involve identifiable personal property for which federal statutes, common law, state law, and well-established case law provide concrete legal bases for courts to reach a reasoned decision. *See, e.g.*, 28 U.S.C. § 1605(a)(3) (providing an expropriation exception to sovereign immunity in certain cases involving "rights in property taken in violation of international law"); *Altmann*, 124 S. Ct. at 2245 (asserting jurisdiction under the FSIA's expropriation exception for return of artwork taken by Nazi forces); *Gruber v. Pac. States Savs. & Loan Co.*, 88 P.2d 137, 139 (Cal. 1939) ("It is settled that conversion is any act of dominion wrongfully exerted over another's personal property in denial of or inconsistent with his rights therein.").

Altmann involved six paintings that were linked to a single plaintiff through an imperfect, but at least fairly well documented, chain of ownership. More difficult is tracking gold, silver, and other fungible assets, like money, especially those without bank account records or other reliable documentation. We are well aware that the Holocaust Survivors have a difficult task ahead of them in establishing the path that the looted funds followed. *See* Ustasha Treasury Report, *supra* note 3, at 154-55 ("The Croatian delegation [at the London Conference on Nazi Gold held in December 1997] stated that there were 22 lists specifying the gold [of the Ustasha], but the lists have not been found, and further documentation regarding the gold was assumed to be with the National Bank of Yugoslavia."); *id.* at 155 ("There is some evidence that at least part of the Croat Foreign Ministry archives was sent to the Vatican at the end of the War."). These looming evidentiary and proof obstacles do not change the fact that, at heart, the Holocaust Survivors seek compensation for stolen property, a claim that is very familiar in our courts. *Cf. Klinghoffer v. S.N.C. Achille Lauro*, 937 F.2d 44, 49 (2d Cir. 1991) (concluding that the second *Baker* test did not act as a

bar in case against the Palestine Liberation Organization "because the common law of tort provides clear and well-settled rules on which the district court can easily rely").

It would be premature for us to foreclose the Holocaust Survivors' claims because of such impending hurdles: The second *Baker* prong is not a proxy for the class certification analysis. *See* Fed. R. Civ. P. 23. As with every prospective class action, this one must pass through the Rule 23 filter, a process that could preclude the class or perhaps result in the reshaping of the class or in some other modification of the dispute. Concerns about class composition and size, as well as questions about access to relevant documents, should be left to Rule 23 proceedings and the discovery process.

Accordingly, the district court was misplaced in its reliance on the somewhat anachronistic *Kelberine v. Societe Internationale*, 363 F.2d 989 (D.C. Cir. 1966), to support the view that the Holocaust Survivors' claims present "intractable problems" that defy manageable judicial resolution. In *Kelberine*, the District of Columbia Circuit affirmed the dismissal of World War II-era claims against a Swiss holding corporation "for failure to state a claim upon which relief can be granted." 363 F.2d at 995. Without mentioning the political question doctrine, the court explained, "The procedure sought—adjudication of some two hundred thousand claims for multifarious damages inflicted twenty to thirty years ago in a European area by a government then in power—is too complicated, too costly, to justify undertaking by a court without legislative provision of the means wherewith to proceed." *Id.* Most significantly, *Kelberine* does not address the second *Baker* test. Nor can *Kelberine* serve as a guide to logistical infringement.

Since *Kelberine* was decided in 1966, the class action landscape has changed dramatically. Coincidentally, this same year marked the emergence of "modern class action practice," *Ortiz v. Fibreboard Corp.*, 527 U.S. 815, 833 (1999), with the "innovative 1966 revision" to Rule 23,

Amchem Prods., Inc. v. Windsor, 521 U.S. 591, 613 (1997). *Kelberine* was also decided prior to creation of the Manual for Complex Litigation which, first published in 1969, is now in its fourth incarnation. *See* Fed. Judicial Ctr., Manual For Complex Litigation, Fourth (2004). This manual offers "an array of litigation management techniques and procedures," and recognizes that due to the presence of much "sparsely charted terrain[,] ... judges are encouraged to be innovative and creative to meet the needs of their cases." *Id.* at 2-3.

While acknowledging the innovative and creative means that the judiciary has employed to tackle class actions, we are well aware that this is a behemoth of a case. Even so, courts have repeatedly risen to the challenge of handling cases involving international elements as well as massive, complex class actions. *See generally* Kenneth R. Feinberg, *Reporting From the Front Line–One Mediator's Experience With Mass Torts*, 31 Loy. L.A. L. Rev. 359, 371 (1998) (discussing "some of the practical problems which arise in attempting to resolve [mass tort] litigation and the pragmatic solutions offered to deal with these problems"). Courts also have fashioned innovative solutions to surmount similar obstacles in the Holocaust-claims context. *See, e.g., D'Amato v. Deutsche Bank*, 236 F.3d 78, 82 (2d Cir. 2001) (explaining in class action against German and Austrian banks that "the notice campaign also utilized newspaper advertisements, direct mailing to organizations throughout the world, and a world wide web home page"); *In re Holocaust Victim Assets Litig.*, 105 F. Supp. 2d at 147 (noting in context of reviewing settlement agreement that "some 550,000 Initial Questionnaires had been received from class members worldwide"). Our conclusion that this case is judicially "manageable" does not diminish our understanding that burdening a district court with a case of this magnitude and complexity may prove to present a Sisyphean task: Just when the court appears to be making progress towards reaching legal peace, the rock rolls back down and the court must tackle the next issue.

The Holocaust Survivors unrealistically "anticipate that there will be no difficulty in the management of this litigation." Of course there will be litigation management difficulties, but that does not mean that courts "lack ... judicially discoverable and manageable standards" for resolving the Property Claims. *Baker*, 369 U.S. at 217. Concerns about class certification, discovery, and allocation, among other issues, are matters to be resolved at a later time. Today we conclude only that a legal framework exists by which courts can evaluate these claims in a reasoned manner.

3. Initial Policy Determination

Nor do we think that adjudicating the Property Claims will be impossible "without [making] an initial policy determination of a kind clearly for nonjudicial discretion." *Baker*, 369 U.S. at 217. The Property Claims focus on the extent to which the Holocaust Survivors were wrongfully deprived of personal property and the value of such property that was transferred to the Vatican Bank. Adjudicating these discrete issues will not require the court to make pronouncements on foreign policy or otherwise trigger the third *Baker* test. *Cf. Aktepe*, 105 F.3d at 1404 (wrongful death claims arising out of a NATO training exercise raised nonjusticiable political questions in part because a decision would require "a policy determination regarding the necessity of simulating actual battle conditions").

4. Lack of Respect for Coordinate Branches

The fourth *Baker* test requires us to consider whether it would be impossible for the courts to resolve the Property Claims without expressing a lack of respect for the political branches. *See Baker*, 369 U.S. at 217. As evidenced by the Vatican's protest to the State Department, this case implicates foreign relations. Whether the court's involvement would inevitably express a lack of respect for the Executive

Branch's handling of U.S.-Vatican relations,[14] as well as relations with other foreign states, is a separate matter.[15] We conclude that judicial handling of the Property Claims will not run afoul of this fourth test.

More than four years have passed since the Vatican sent its protest to the State Department. The Holocaust Survivors represented to the court that the State Department has been apprised of this appeal but has said that its decision not to intervene is not reflective of its view on the merits of this case.

Had the State Department expressed a view, that fact would certainly weigh in evaluating this fourth *Baker* formulation. In *Altmann*, the Court explained that "should the State Department choose to express its opinion on the implications of exercising jurisdiction over *particular* petitioners in connection with their alleged conduct, that opinion might well be entitled to deference as the considered judgment of the Executive on a particular question of foreign policy." 124 S. Ct. at 2255 (footnote omitted); *see also* 28 U.S.C. § 517 ("The Solicitor General, or any officer of the Department of Justice, may be sent by the Attorney General to any State or district in the United States to attend to the interests of the United States in a suit pending in a court of the United States...."). It is unclear, however, how courts should construe executive silence. We are not mind readers. And, thus, we cannot discern whether the State Department's decision not to intervene is an implicit endorsement, an objection, or simple indifference. At best, this silence is a neutral factor.

A few weeks after *Altmann* was decided, the Supreme Court considered "a policy of case-specific deference to the

---

[14] The United States and the Vatican established diplomatic relations on January 10, 1984. Vatican Background Note, *supra* note 2.

[15] In addition to relations with the Vatican, we recognize that, theoretically, this case could bear on the United States' relationship with Croatia, as well as other countries. But this theoretical possibility—even if common sense—does not dictate the confines of a political question.

political branches" as a possible limitation on the determination whether an international norm is sufficiently definite to support a cause of action. *Sosa*, 124 S. Ct. at 2766 n.21. The Court saw no need to apply this policy in *Sosa*. Nonetheless, the Court pointed to "several class actions" pending in federal district court seeking damages from corporations in connection with South Africa's former apartheid regime. *Id.* (citing *In re South African Apartheid Litig.*, 238 F. Supp. 2d 1379 (J.P.M.L. 2002) (granting a motion to transfer the cases to the Southern District of New York)). In the South Africa cases, the State Department filed a statement in support of South Africa's position that the cases interfered with the policy embodied by its Truth and Reconciliation Commission. 124 S. Ct. at 2766 n.21. The Court concluded, "In such cases, there is a strong argument that federal courts should give serious weight to the Executive Branch's view of the case's impact on foreign policy." *Id.*

Such case-specific intervention is not uncommon in cases involving foreign affairs. *See Sarei v. Rio Tinto PLC*, 221 F. Supp. 2d 1116, 1179-80 (C.D. Cal. 2002) (listing numerous examples where the Executive Branch submitted its opinion in cases involving foreign affairs). In the Holocaust-era claims context, the United States agreed as part of the Foundation Agreement that whenever a German company was sued in a U.S. court over a Holocaust-era claim, the U.S. Government would submit a statement that foreign policy interests recommend recognition of the Foundation as the exclusive forum for such claims and "that U.S. policy interests favor dismissal on any valid legal ground." Foundation Agreement, 39 I.L.M. at 1304. The United States stopped short, however, of expressly precluding all claims. *See Garamendi*, 539 U.S. at 436 (Ginsburg, J., dissenting) ("The [Foundation] agreement makes clear, however, that 'the United States does not suggest that its policy interests concerning the Foundation in themselves provide an independent legal basis for dismissal.'") (quoting Foundation Agreement,

39 I.L.M. at 1304). Courts have varied in their interpretation of the amount of deference these statements merit. *Compare Ungaro-Benages*, 379 F.3d at 1236 n.12 (statement of interest filed by U.S. Government under the Foundation Agreement is "entitled to deference, [but] does not make the litigation non-justiciable") *with Frumkin v. JA Jones, Inc. (In re Nazi Era Cases Against German Defendants Litig.)*, 129 F. Supp. 2d 370, 388-89 (D.N.J. 2001) ("If [the statement of interest filed by U.S. Government under the Foundation Agreement] does not clearly demonstrate that the claims against German Industry presently before the Court constitute political questions best left to the political branches, it is unclear to the Court what would."). Here, we are not even faced with evaluating the State Department's position because the Department has issued no statement in this case.

Nor does allowing the Holocaust Survivors' claims to proceed mean that the political branches will be shut out from having any input as the case develops. As a State Department Deputy Legal Adviser explained: "Whether the U.S. Government agrees to facilitate the resolution of [future Holocaust-era disputes that are between private parties], will be, I think, a case-by-case decision, based on a judgement of the United States government interests involved in the circumstances presented." Ronald J. Bettauer, The Role of the United States Government In Recent Holocaust Claims Resolution, Keynote Address at the Stefan A. Riesenfeld Symposium 2001 (Mar. 8-9, 2001), *in* 20 Berkeley J. Int'l L. 1, 10 (2002). Such government involvement is not limited to a specified period during the judicial process, such as the motion to dismiss stage. *Cf. Kadic*, 70 F.3d at 250 (describing statement of interest filed by the government after oral argument on appeal). Accordingly, going forward, we respect the political branches' right to weigh in and to play a role in the resolution of the Holocaust Survivors' claims. *See generally* Neuborne, *supra* note 7, at 796 (analogizing process of resolving Holocaust-era claims to a "three-legged stool"

made up of class action litigation, diplomacy, and community involvement). Given the Executive Branch's continuing silence on the Holocaust Survivors' claims, however, we follow *Sosa*'s lead that at this time "we need not apply here ... a policy of case-specific deference to the political branches." 124 S. Ct. at 2766 n.21.

This case will proceed with foreign relations considerations as a backdrop, and the district court should and "can consider the nation's foreign policy interests and international comity concerns in [its] decisions." *Ungaro-Benages*, 379 F.3d at 1237; *see also Abu Ali v. Ashcroft*, 350 F. Supp. 2d 28, 65 (D.D.C. 2004) (refusing to dismiss case but commenting that the court "will carefully construct the future course of this proceeding" bearing "concerns founded in the principles of the political question, separation of powers, and act of state doctrines firmly in mind"). Despite these delicate considerations, the district court is fully capable of resolving the Property Claims without expressing a lack of respect for the political branches.

5. Adherence to a Policy Decision

We see no concern that judicial handling of the Property Claims will involve "an unusual need for unquestioning adherence to a political decision already made." *Baker*, 369 U.S. at 217; *cf. Klinghoffer*, 937 F.2d at 50 (concluding that the fifth *Baker* test did not bar adjudication "because no prior political decisions are questioned—or even implicated—by the matter before us"). Indeed, this case is before us not because the Holocaust Survivors disagree with a political decision made regarding their claims, but rather because there simply has been no decision. *See Northrop Corp. v. McDonnell Douglas Corp.*, 705 F.2d 1030, 1047 (9th Cir. 1983) (adjudicating case would not require the court to "challenge the wisdom or legality of any governmental act or decision"). Because of the lack of a policy decision on point, we do not reach the question posed by the fifth *Baker* test

whether there is an "unusual need for unquestioning adherence" thereto. *Baker*, 369 U.S. at 217.

6. MULTIFARIOUS PRONOUNCEMENTS

The only question remaining is whether adjudicating the Property Claims would "cause the potentiality of embarrassment from multifarious pronouncements by various departments on one question." *Baker*, 369 U.S. at 217; *see also Japan Whaling Ass'n.*, 478 U.S. at 230 (rejecting argument that the Court should defer adjudication on the basis of the sixth *Baker* test). On the contrary, this case is marked by the absence of "pronouncements" by the political branches regarding the resolution of claims to the Ustasha treasury.

We reject the Vatican Bank's argument that despite this vacuum, any adjudication of the Holocaust Survivors' claims would cause potential embarrassment because it would be inconsistent with the political branches' stated intent to resolve claims arising out of World War II by way of intergovernmental negotiations and diplomacy. *See Garamendi*, 539 U.S. at 421 (explaining that the "consistent Presidential foreign policy has been to encourage European governments and companies to volunteer settlement funds in preference to litigation or coercive sanctions").

We are mindful of stepping on the toes of the political branches, but we disagree that any adjudication of the claims would implicate this final test. As discussed with regard to the War Objectives Claims, the district court should refrain from hearing those claims that require passing judgment on foreign policy decisions. On the other hand, fulfilling our constitutionally-mandated role to hear controversies properly before us does not threaten to cause embarrassment or multiple pronouncements. *Cf. Johnson v. Collins Entm't Co.*, 199 F.3d 710, 729 (4th Cir. 1999) (Luttig, J., concurring in the judgment) ("If the Congress sees fit to provide citizens with a particular cause of action, then we as federal courts should entertain that action—and unbegrudgingly.").

In the landscape before us, this lawsuit is the only game in town with respect to claimed looting and profiteering by the Vatican Bank. No ongoing government negotiations, agreements, or settlements are on the horizon. The outside chance that the Executive Branch will issue a statement in the future that has the "potentiality of embarrassment" when viewed against our decision today does not justify foreclosing the Holocaust Survivors' claims, especially when "[t]he age and health of many of the class members also presses for a prompt resolution." *In re Holocaust Victim Assets Litig.*, 105 F. Supp. 2d at 148.

In sum, none of the *Baker* formulations is "inextricable" from the Property Claims. *See Baker*, 369 U.S. at 217. The Holocaust Survivors have presented a justiciable controversy.[16]

B. War Objectives Claims

In contrast to the Property Claims, the Holocaust Survivors' allegations that "[t]he actions and conduct of Defendants, in addition to being profitable, actively assisted the war objectives of the Ustasha Regime" strike at the heart of the Ustasha's wartime conduct. The Holocaust Survivors catalog a litany of claimed international law violations:

- "Defendants knowingly facilitated and aided and abetted the activities of war criminals.... Defendants created a 'ratline' or 'pipeline' to help the war criminals flee from prosecution."

---

[16] Despite the dissent's protest that "[t]his is *not* our 'game,' period," Dissent at 52a, the Constitution does not relegate us to the sidelines. We are a player in adjudicating claims, and a crucial one at that. Abdicating that role and reflexively tossing the ball into the political branches' court without the requisite analysis of the individual claims would be tantamount to shirking our "obligation[ ] to decide cases and controversies properly presented to [us]." *W.S. Kirkpatrick & Co.*, 493 U.S. at 409.

- "Defendants ... by assisting the Nazi backed Ustasha Regime in preserving their Treasury for the purpose of continuing a Government in Exile ... and evading justice for genocidal war crimes[,] ... committed war crimes, crimes against peace and crimes against humanity...."
- "The [Vatican Bank] abused its position as the Papal bank of Vatican City by a clear pattern of violation of diplomatic norms...."
- "Serbs, Jews, and the Roma were slaughtered in their villages after unspeakable tortures or burned alive in their churches.... Many were used as slave laborers. The remaining people were taken to concentration camps where the majority perished."
- "Jasenovac Concentration Camp complex ... was the home of indescribable brutality.... Not only were inmates butchered but slave and forced labor was performed for the benefit of the Ustasha regime."

These claims, which we have denominated as the "War Objectives Claims," present a nonjusticiable political question.

It is axiomatic that the Constitution vests the power to wage war in the President as Commander in Chief, U.S. Const. art. II, § 2, cl. 1, and the ability to "seize and subject to disciplinary measures those enemies who in their attempt to thwart or impede our military effort have violated the law of war" is "an important incident to [this power]." *Ex parte Quirin*, 317 U.S. 1, 28-29 (1942); *Doe v. Bush*, 323 F.3d 133, 137 (1st Cir. 2003) ("The Constitution reserves the war powers to the legislative and executive branches."). A plurality of the Supreme Court recently reaffirmed that the judicial branch "accord[s] the greatest respect and consideration to the judgments of military authorities in matters relating to the actual prosecution of a war, and recognize[s] that the scope of that discretion necessarily is wide." *Hamdi v.*

Rumsfeld, 124 S. Ct. 2633, 2649 (2004).[17] Wartime context aside, as discussed previously, "cases interpreting the broad textual grants of authority to the President and Congress in the areas of foreign affairs leave only a narrowly circumscribed role for the Judiciary." *Made in the USA Found.*, 242 F.3d at 1313.

Following World War II, the Executive Branch exercised its authority in a number of ways, including through the Nuremberg Trials, which included prosecution for "murder, extermination, enslavement, [and] deportation" among other crimes against humanity, war crimes, and crimes against peace. Charter of the International Military Tribunal, Aug. 8, 1945, 59 Stat. 1546, 1547, 82 U.N.T.S. 279 ("Nuremberg Charter"). *See generally* Steven Fogelson, Note, *The Nuremberg Legacy: An Unfulfilled Promise*, 63 S. Cal. L. Rev. 833 (1990). Simply because the Nuremberg Charter does not expressly preclude national courts from trying war criminals, Nuremberg Charter, *supra*, 59 Stat. at 1545, does not mean that it is our place to step in a half-century later and condemn the Vatican Bank and related parties for "participat[ing] in the activities of the Ustasha Regime in furtherance of the commission of war crimes, crimes against humanity,[and] crimes against peace." We are not a war crimes tribunal. To act as such would require us to "intrud[e] unduly on certain policy choices and value judgments that are constitutionally committed to [the political branches,]" *Koohi*, 976 F.2d at 1331, for we do not and cannot know why the Allies made the policy choice not to prosecute the Ustasha and the Vatican Bank. *See Crosby v. Nat'l Foreign Trade Council*, 530 U.S. 363,

---

[17] We stress, however, that courts are not powerless to review the political branches' actions during wartime for, as the plurality cautioned in *Hamdi*, "Whatever power the United States Constitution envisions for the Executive in its exchanges with other nations or with enemy organizations in times of conflict, it most assuredly envisions a role for all three branches when individual liberties are at stake." *Hamdi*, 124 S. Ct. at 2650.

386 (2000) (acknowledging that "the 'nuances' of 'the foreign policy of the United States ... are much more the province of the Executive Branch and Congress than of this Court'") (quoting *Container Corp. of Am. v. Franchise Tax Bd.*, 463 U.S. 159, 196 (1983)).

Indeed, the Holocaust Survivors' allegations that the Vatican Bank violated international law by "creat[ing] a 'ratline' or 'pipeline' to help the war criminals flee from prosecution" could also be levied against the United States, which provided similar aid driven by the sudden shift in priorities from fighting the Nazis to driving back Communism:

> [The College of San Girolamo in Rome] helped fugitive Croatian war criminals escape to the Western Hemisphere in the early postwar years, and cooperated with the "rat line" being used by the U.S. Army Counter Intelligence Corps after the War to assist the escape from Europe of anti-Communists. The fact that the "rat line" later facilitated the escape even of a Nazi war criminal like Klaus Barbie underscores the shift in the Allies' attitudes: World War II was over; the Cold War was on.

Ustasha Treasury Report, *supra* note 3, at xviii. The United States has acknowledged that "conflicting priorities on the part of the Allies—particularly the need to rebuild a war-torn Europe and assemble a Western coalition against Soviet aggression with the onset of the Cold War—led to an insufficient recovery of looted gold and other assets." *Id.* at iv. It is not our role to sit in judgment as to whether the perceived Communist threat justified assisting alleged war criminals. Rather, we are mindful of the Supreme Court's admonition that it is up to the political branches to come to terms with these "delicate [and] complex" foreign policy decisions "for which the Judiciary has neither aptitude, facilities nor responsibility and which has long been held to belong in the domain of political power not subject to judicial intrusion or inquiry." *Chicago & S. Air Lines, Inc. v. Waterman S.S. Corp.*, 333 U.S. 103, 111 (1948).

Whether the Holocaust Survivors' claims related to slave labor are justiciable is a more nettlesome question. The exact nature of the slave labor claims against the Vatican Bank is not entirely clear from the Complaint. The Holocaust Survivors allege that class members share a common question of fact whether "Defendants were directly and/or indirectly involved with the ... conversion of ... Plaintiffs' labor" and further allege that "Defendants have failed to ... pay to Plaintiffs ... the value of slave labor performed." Although the Complaint maintains that many of the Ustasha officials were Roman Catholic clergy, it does not indicate that the Vatican Bank itself directly exploited the slave labor. Unlike cases in which the defendants were the enslaving entities, the slave labor claims against the Vatican Bank are, in effect, derivative claims: The Ustasha profited from slave labor, these profits benefitted the Ustasha treasury, and portions of these tainted funds were transferred to the Vatican Bank. *Cf. Deutsch*, 324 F.3d at 704 (plaintiffs "were forced to work as slaves" for defendant corporation); *Iwanowa*, 67 F. Supp. 2d at 431 (defendants forced plaintiffs "to perform forced labor under inhuman conditions").

Determining whether the Vatican Bank was unjustly enriched by profits derived from slave labor would therefore necessitate that we look behind the Vatican Bank and indict the Ustasha regime for its wartime conduct.[18] We are not willing to take this leap. Condemning—for its wartime ac-

---

[18] In rejecting the Holocaust Survivors' slave labor claims, we distinguish profits derived from slave labor from those derived from investing seized assets. In the former case, the court would need to evaluate the Ustasha's wartime use of slave labor, quantify the monetary value of this labor, and then determine the portion thereof that flowed to the Vatican Bank. In contrast, if the Holocaust Survivors can surmount the daunting evidentiary obstacles and establish that seized assets came to rest with the Vatican Bank, then the Property Claims could encompass both the value of the assets themselves as well as any profits earned by the Vatican Bank from the subsequent investment of the seized assets.

tions—a foreign government with which the United States was at war would require us to "review [ ] an exercise of foreign policy judgment by the coordinate political branch to which authority to make that judgment has been 'constitutional[ly] commit [ted].'" *Goldwater*, 444 U.S. at 1006 (Brennan, J., dissenting) (quoting *Baker*, 369 U.S. at 217); *cf. Linder v. Portocarrero*, 963 F.2d 332, 337 (11th Cir. 1992) (holding in case involving the murder of an American by the Nicaraguan Contras that "the broad allegations ... which comprise the entire military and political opposition in Nicaragua, are non-justiciable").

This determination that the slave labor claims run afoul of the first *Baker* test is reinforced by the third *Baker* test, which asks whether the issue can be decided "without an initial policy determination of a kind clearly for nonjudicial discretion." *Baker*, 369 U.S. at 217. It is not our place to speak for the U.S. Government by declaring that a foreign government is at fault for using forced labor during World War II. Any such policy condemning the Ustasha regime must first emanate from the political branches.

Our conclusion that the slave labor claims are not justiciable comports with our decision in *Deutsch*. The two cases are superficially similar in that they address the same general subject matter of Holocaust-era slave labor claims. In *Deutsch*, however, we based our holding on federal-state relations rather than separation of powers concerns.[19] 324 F.3d at 705-16. And, unlike this case where there are no treaties on point, we emphasized in *Deutsch* that "the United States resolved the war against Germany by becoming a party to a

---

[19] The district court in *Deutsch* dismissed the action as presenting a non-justiciable political question. *See Deutsch*, 324 F.3d at 705 (citing *Deutsch v. Turner*, No. CV 00-4405 (C.D. Cal. Aug. 25, 2000)). On appeal, we disagreed with the court's application of the doctrine on the basis that the mere application of treaties concluded with Germany did not raise a political question. 324 F.3d at 713 n.11.

number of treaties and international agreements." *Id.* at 712 n.15. Consequently, although in both cases we reach the same ultimate conclusion that the slave labor claims cannot proceed, we do so here because adjudicating these claims would entail meddling in matters reserved to the political branches and not because this result is compelled by treaties.

Nor does our decision conflict with the Second Circuit's reasoning in *Kadic*, a case which, in addition to geographic parallels, involved claims tied to similar genocidal acts. *See* 70 F.3d at 236-37. In *Kadic*, Croats and Muslims brought suit against Radovan Karadzic under the ATS alleging that he oversaw the genocidal campaign conducted by Bosnian-Serb military forces. *Id.* In holding that the claims were not barred by the political question doctrine, the court cautioned that "judges should not reflexively invoke the [ ] doctrine[ ] to avoid difficult and somewhat sensitive decisions in the context of human rights." *Id.* at 249. We agree. Unlike in *Kadic*, however, we think that "weigh[ing] carefully the relevant considerations" at stake in this particular case, adjudicating the slave labor claims in the context presented here would "compromis[e] the primacy of the political branches in foreign affairs." *Id.* Not only did the State Department "expressly disclaim[ ] any concern that the political question doctrine should be invoked" in *Kadic*, *id.* at 250, but the claims in *Kadic* focused on the acts of a single individual during a localized conflict rather than asking the court to undertake the complex calculus of assigning fault for actions taken by a foreign regime during the morass of a world war. The slave labor claims present no mere tort suit. On the contrary, these claims fundamentally rest on "controversies which revolve around policy choices and value determinations constitutionally committed for resolution to the halls of Congress or the confines of the Executive Branch." *Japan Whaling Ass'n*, 478 U.S. at 230.

Our decision to affirm the district court's dismissal of the War Objectives Claims is not a result we reach lightly.[20] We do not wish to imply in the slightest that these claims do not represent gravely serious harms for which the Holocaust Survivors deserve relief. The difficulty is that relief lies elsewhere. As the court observed in *In re Austrian and German Bank Holocaust Litigation*, "Those persecuted by the Nazis were the victims of unspeakable acts of inhumanity. At the same time, however, it must be understood that the law is a tool of limited capacity. Not every wrong, even the worst, is cognizable as a legal claim." 80 F. Supp. 2d at 177. In this case, the Holocaust Survivors must look to the political branches for resolution of the War Objectives Claims which, at base, are political questions.

III. CONCLUSION

We REVERSE the district court's grant of the Vatican Bank's motion to dismiss with regard to the Holocaust Survivors' Property Claims for conversion, unjust enrichment, restitution, and an accounting. We AFFIRM the district court's grant of the Vatican Bank's motion to dismiss with regard to all other claims in the Complaint, specifically the War Objectives Claims. We also AFFIRM the district court's order dismissing the action against the Croatian Liberation Movement for lack of personal jurisdiction.

AFFIRMED IN PART, REVERSED IN PART, and REMANDED. Costs shall be awarded to appellants.

---

[20] We caution that our holding does not signify that slave labor claims automatically raise issues that are committed to the political branches. As with all claims, this determination must be based on the circumstances of the particular case. *See, e.g., In re African-American*, 304 F. Supp. 2d at 1056-60 (concluding that slave reparation claims were not justiciable in part because "reparations to former slaves following the Civil War[ ] was considered and rejected by the Representative Branches").

TROTT, Circuit Judge, concurring in part, and dissenting in part:

It is unlikely that a better case could be made for the majority's view that some of these matters are justiciable than the one made by Judge McKeown in her well written opinion. Nevertheless, and with all due respect to my esteemed colleagues, I find part of their analysis unconvincing. In the main, the segregation for analytical purposes of the plaintiffs' claims into two distinct groups—"Property Claims" as distinguished from "War Objective Claims"—splits the atom where it is not divisible. In this respect, I agree with the defendants/appellees: "*All* claims asserted by plaintiffs are 'inextricably intertwined' with the Executive Branch's powers over war-related crimes, such that the judiciary is powerless to adjudicate them." Accordingly, although I agree that the so-called War Objective Claims are not justiciable, I respectfully dissent as to the others.

I concur in and adopt the district court's view that appellants' complaint unmistakably and inextricably raises issues that our Constitution commits to the legislative and executive branches of our government, not to the judiciary. *Alperin v. Vatican Bank*, 242 F. Supp. 2d 686 (N.D. Cal. 2003). This case fatally falls into at least two of the off-limits political question categories—defined as "formulations"—in *Baker v. Carr*, 369 U.S. 186, 217 (1962): (1) "a textually demonstrable constitutional commitment of the issue to a coordinate political department;" and (2) "a lack of judicially discoverable and manageable standards for resolving it." *Id.*

I

As to the primary formulation—a constitutional commitment of the issue to a political department—the record compels us to take our lead from Chief Justice Marshall who said that "[q]uestions, in their nature political, or which are, by the Constitution and laws, submitted to the executive, can never be made in this court." *Marbury v. Madison*, 5 U.S. (1

Cranch) 137, 170 (1803) (emphasis added). The *Baker* court repeated this "clearly settled" principle, which emanates from our Constitution's careful allocation and separation of powers between our three branches, and in so doing identified "foreign relations" as one of the areas in which nonjusticiable political questions routinely arise, citing *Oetjen v. Cent. Leather Co.*, 246 U.S. 297, 302 (1918): "The conduct of the foreign relations of our Government is committed by the Constitution to the executive and legislative—'the political'—departments of the government, and the propriety of what may be done in the exercise of this political power is not subject to judicial inquiry or decision." *Baker*, 369 U.S. at 211 n.31. In elaboration of this doctrine, the *Oetjen* court said,

> The principle that the conduct of one independent government cannot be successfully questioned in the courts of another is as applicable to a case involving the title to property brought within the custody of a court, such as we have here, as it was held to be to the cases cited, in which claims for damages were based upon acts done in a foreign country, for it rests at last upon the highest considerations of international comity and expediency. To permit the validity of the acts of one sovereign state to be reexamined and perhaps condemned by the courts of another would very certainly "imperil the amicable relations between governments and vex the peace of nations."

246 U.S. at 303-04.

One of the earliest cases involving the respective authority of courts and Congress appears to be *United States v. Palmer*, 16 U.S. (3 Wheat.) 610 (1818), a case involving *inter alia* a robbery committed on the high seas by a non-citizen on board a ship belonging exclusively to subjects of a foreign state. The Court held (1) that a specific act of Congress criminalizing piracy did not give authority to our federal courts to take cognizance of, try, and punish such an act on the high seas as

robbery, and (2) that the courts are not empowered to so act without authority from Congress. *Id.* at 633-35. In explanation of this decision, Chief Justice Marshall said,

> Those questions which respect the rights of a part of a foreign empire, which asserts, and is contending for its independence, and the conduct which must be observed by the courts of the union towards the subjects of such section of an empire who may be brought before the tribunals of this country, are equally delicate and difficult.
>
> As it is understood that the construction which has been given to the act of Congress, will render a particular answer to them unnecessary, the court will only observe, that such questions are generally rather political than legal in their character. *They belong more properly to those who can declare what the law shall be; who can place the nation in such a position with respect to foreign powers as to their own judgment shall appear wise; to whom are entrusted all its foreign relations; than to that tribunal whose power as well as duty is confined to the application of the rule which the legislature may prescribe for it.* In such contests a nation may engage itself with the one party or the other—may observe absolute neutrality—may recognize the new state absolutely—or may make a limited recognition of it. The proceeding in courts must depend so entirely on the course of the government, that it is difficult to give a precise answer to questions which do not refer to a particular nation. It may be said, generally, that if the government remains neutral, and recognizes the existence of a civil war, its courts cannot consider as criminal those acts of hostility which war authorizes, and which the new government may direct against its enemy. To decide otherwise, would be to determine that the war prosecuted by one of the parties was unlawful, and would be to arrange the nation to which the court belongs against that party. *This would transcend the limits prescribed to the judicial department.*

Id. at 634-35 (emphasis added).

The Court registered a similar observation in *Foster v. Neilson*:

> In a controversy between two nations concerning national boundary, it is scarcely possible that the courts of either should refuse to abide by the measures adopted by its own government. There being no common tribunal to decide between them, each determines for itself on its own rights, and if they cannot adjust their differences peaceably, the right remains with the strongest. *The judiciary is not that* department of the government to which the assertion *of its interests against foreign powers is confided*; and its duty commonly is to decide upon individual *rights, according to those principles which the political departments of the nation have established.*

27 U.S. (2 Pet.) 253, 307-08 (1829), *overruled on other grounds by United States v. Percheman*, 32 U.S. (7 Pet.) 51 (1833) (emphasis added).

The Supreme Court has spoken frequently about this issue, and each time it has reiterated the structural and prudential proposition that the "President also possesses in his own right certain powers conferred by the Constitution on him as Commander-in-Chief and as the Nation's organ in foreign affairs." *Chicago & S. Air Lines, Inc. v. Waterman S.S. Corp.*, 333 U.S. 103, 109 (1948). Accordingly, the Court has made it clear that

> the very nature of executive decisions as to foreign policy is political, not judicial. Such decisions are wholly confided by our Constitution to the political departments of the government, Executive and Legislative.... They are decisions of a kind for which the Judiciary has neither aptitude, facilities nor responsibility and have long been held to belong in the domain of political power not subject to judicial intrusion or inquiry.

Id. 333 U.S. at 111. *See also Schroder v. Bush*, 263 F.3d 1169, 1175 (10th Cir. 2001).

Parenthetically, unlike the majority, I read this principle to include *all* matters that fall by their constitutional DNA into this sphere, whether the political branches have done anything about them or not. With all respect to my valued colleagues, I see it as a mistake to measure this issue of justifiability by a "this lawsuit is the only game in town" standard. This is *not* our "game," period, and we do not become vested with jurisdiction by default of the other branches. The majority opinion indicates that Executive silence is somehow relevant. I humbly disagree. The silence of another Branch cannot give us jurisdiction we do not otherwise have. The non-existence of an executive agreement is meaningless.

Notwithstanding appellants' lawyers' ability to cast this dispute in "garden-variety" legal terms, i.e., conversion, unjust enrichment, restitution, etc., the ineffable fact remains that this functionally is a lawsuit against (1) the Vatican itself, (2) the Vatican Bank, which is an instrumentality of the sovereign state of the Vatican, and (3) untold others—including probably the Pope—seeking relief for World War II wrongs against foreigners committed by the Nazis and their allies in Europe almost sixty years ago. As Judge Debevoise said in *Burger-Fischer v. DeGussa AG*, 65 F. Supp. 2d 248, 281 (D.N.J. 1999), "It is not accurate to characterize the present actions as simply [typical] controversies between private parties." Much more is clearly at stake. Stripped to its essentials, this is a derivative lawsuit against a sovereign seeking "reparations" for injuries and losses suffered during wartime at the hands of the Nazis and their alleged accomplices. As acknowledged by the majority, the Vatican has filed a note of protest and asked our State Department to intervene. This set of facts and circumstances involving a foreign sovereign strikes me as demanding a "single-voiced statement" of our government's views, not a series of judgments by our courts. *Baker*, 369 U.S. at 211. I conclude, therefore, that the foreign

policy quintessence of this case renders it as a subject matter beyond the power of the judiciary to intrude or to inquire.

Judge Greenaway's astute analysis in *Iwanowa v. Ford Motor Company*, 67 F. Supp. 2d 424, 485 (1999) is apposite:

> The executive branch has always addressed claims for reparations as claims between governments. Historically, at the end of a war, there has always been a declaration of victorious nations and defeated nations. As part of that process, the victorious nations invariably discuss the reparations that the defeated nations must pay to compensate the prevailing countries and their nationals for the loss that the aggressor country has caused. The nature of war is such that the governments of the victorious nations determine and negotiate the resolution of the claims of their nationals by way of agreements between the nations involved or affected by the war. This is evident from the reparations provisions in the Treaty of Versailles following World War I, and the discussion of reparations in the Yalta Conference, the Potsdam Conference and the Paris Reparations Treaty at the end of World War II. More recently, at the end of the Gulf War, the United Nations established an international claims resolution tribunal to resolve claims against Iraq. *See* Elyse J. Garmise, *The Iraqi Claims Process and the Ghost of Versailles*, 67 N.Y.U. L. Rev. 840, 841 (1992). Thus, it is evident that responsibility for resolving forced labor claims arising out of a war is constitutionally committed to the political branches of government, not the judiciary.

In a footnote to this discussion, the court observed that the "'concept of reparations encompasses all international law claims for compensation related to war [including] individual claims by injured citizens of victorious powers.'" *Id.* at 485 n.84 (quoting Ministerial Director Horst Teltschik).

When California attempted by legislation to insert itself into Holocaust-era insurance policies, the Supreme Court

stepped in and held that California's law was preempted because it interfered with the President's conduct of our Nation's foreign policy. In reversing our Ninth Circuit opinion to the contrary, *see Gerling Global Reinsurance Corp. of Am. v. Low*, 296 F.3d 832 (9th Cir. 2002), the Court made certain observations about the authority of the President that add considerable weight against the view that Alperin's claims are justiciable:

> Nor is there any question generally that there is executive authority to decide what that [foreign relations] policy should be. Although the source of the President's power to act in foreign affairs does not enjoy any textual detail, the historical gloss on the "executive Power" vested in Article II of the Constitution has recognized the President's "vast share of responsibility for the conduct of our foreign relations."

Am. Ins. Ass'n v. Garamendi, 539 U.S. 396, 414 (2003) (citation omitted). The *Garamendi* court continued:

> At a more specific level, our cases have recognized that the President has authority to make "executive agreements" with other countries, requiring no ratification by the Senate or approval by Congress, this power having been exercised since the early years of the Republic. See *Dames & Moore v. Regan*, 453 U.S. 654, 679, 682-683, 101 S. Ct. 2972, 69 L. Ed. 2d 918 (1981); *United States v. Pink*, 315 U.S. 203, 223, 230, 62 S. Ct. 552, 86 L. Ed. 796 (1942); *United States v. Belmont*, 301 U.S. 324, 330-331, 57 S. Ct. 758, 81 L. Ed. 1134 (1937); see also L. Henkin, Foreign Affairs and the United States Constitution 219, 496, n.163 (2d ed. 1996) ("Presidents from Washington to Clinton have made many thousands of agreements ... on matters running the gamut of U.S. foreign relations"). *Making executive agreements to settle claims of American nationals against foreign governments is a particularly longstanding practice, the first example being as early as* 1799, when the Adams administration settled *demands*

against the Dutch Government by American citizens who lost their cargo when Dutch privateers overtook the schooner *Wilmington Packet*. See *Dames & Moore*, *supra*, at 679-680, and n.8, 101 S. Ct. 2972.

* * *

To begin with, resolving Holocaust-era insurance claims that may be held by residents of this country is a matter well within the Executive's responsibility for foreign affairs. Since claims remaining in the aftermath of hostilities may be "sources of friction" acting as an "impediment to resumption of friendly relations" between the countries involved, *Pink*, *supra*, at 225, 62 S. Ct. 552, there is a "longstanding practice" of the national Executive to settle them in discharging its responsibility to maintain the Nation's relationships with other countries, *Dames & Moore*, 453 U.S., at 679, 101 S. Ct. 2972. The issue of restitution for Nazi crimes has in fact been addressed in Executive Branch diplomacy and formalized in treaties and executive agreements over the last half century, and although resolution of private claims was postponed by the Cold War, *securing private interests is an express object of diplomacy today, just as it was addressed in agreements soon after the Second World War*. Vindicating victims injured by acts and omissions of enemy corporations in wartime is thus within the traditional subject matter of foreign policy in which national, not state, interests are overriding, and which the National Government has addressed.

Id. at 415, 420-21 (emphasis added).

Finally, as we recognized in *Deutsch v. Turner Corp.*, 324 F.3d 692, 712-13 (9th Cir. 2003),

The United States has already exercised its own exclusive authority to resolve the war, including claims arising out of it. It did not choose, however, to incorporate into that resolution a private right of action against our war-

time enemies or their nationals. The United States resolved the war against Germany by becoming a party to a number of treaties and international agreements, beginning with the 1945 agreements at Yalta and Potsdam, in which the United States, Britain, and the Soviet Union agreed to extract reparations from Germany and its nationals but did not include a private right of action against either.... Most recently, the Foundation Agreement of July 17, 2000, an executive agreement between the governments of Germany and the United States, provided a limited form of remedy for claimants such as *Deutsch*.

I would add that we entered into a similar treaty with Italy in 1947. Article 75 of that Treaty provides with respect to restitution as follows:

> 1. Italy accepts the principles of the United Nations Declaration of January 5, 1943, and shall return, in the shortest possible time, *property removed from the territory of any of the United Nations*.
>
> 2. *The obligation to make restitution applies to all identifiable property* at present in Italy which was removed by force or duress by any of the Axis Powers from the territory of any of the United Nations, irrespective of any subsequent transactions by which the present holder of any such property has secured possession.
>
> ...
>
> 8. The Italian Government shall restore to [the United Nation] all monetary gold looted or wrongfully removed to Italy.

Treaty of Peace with Italy, Feb. 10, 1947, U.S.-Italy. United States Statutes at Large, Vol. 61, pp. 1400-01.

II

As recognized by the majority, "the potential class is massive," and, as the district court concluded, the case as pleaded

would be unmanageable. This unimpeachable observation brings this lawsuit within *Baker*'s second category: the task is beyond the competence of a court of law. The district court relied, in this respect, on *Kelberine v. Societe Internationale*, 363 F.2d 989 (D.C. Cir. 1966), which correctly said,

> The span between the doing of the damage and the application of the claimed assuagement is too vague. The time is too long. The identity of the alleged tortfeasors is too indefinite. The procedure sought—adjudication of some two hundred thousand claims for multifarious damages inflicted twenty to thirty years ago in a European area by a government then in power—is too complicated, too costly, to justify undertaking by a court without legislative provision of the means wherewith to proceed.

Id. at 995.

I agree with our prudent district court's carefully considered opinion, which echos the Supreme Court's concerns in *Waterman* about the aptitude and facilities in this context, that this case as presented would lack judicial reins:

> Here, by contrast, plaintiffs do not seek recovery of money and assets withheld from specific accounts but, rather, the undetermined value of property stolen in untold ways in a multiplicity of regions by both military personnel and civilians. Moreover, plaintiffs seek such recovery out of an undivided portion of the Ustasha Treasury transferred to the IOR. Such claims require a review of materials from a multitude of foreign sources that, "by sheer bulk alone," are likely to be unmanageable. *See Atlee*, 347 F. Supp. [689, 701 (E.D.Pa.1972)]. Compounding the problem, "there is a distinct possibility that the parties might not be able to compile all of the relevant information, thus making any attempt to justify a ruling on the merits of an issue that will affect the nation difficult and imprudent." *See Iwanowa*, 67 F. Supp. 2d [424, 483-84 (D.N.J. 1999)]; *see also Atlee*, 347 F. Supp. at 702 (noting

> "the inherent inability of a court to predict the international consequences flowing from a decision on the merits.") Further, plaintiffs' claims require this Court to resolve the competing rights to the Ustasha Treasury of potentially hundreds of thousands of citizens of various nations, funds as to which any number of persons harmed by the Ustasha regime, both represented and not represented in these proceedings, might equally assert a claim.

Alperin, 242 F. Supp. 2d at 694-95. It will be interesting to say the least to watch the district court struggle on remand to enforce its rulings against the Vatican. Based on my experience with litigation involving foreign nations, it will be just a matter of time until the State and Justice Departments are dragged into this case as the district court begins to reach out for evidence and witnesses and to exercise its power to enforce its orders.

III

No one could possibly be comfortable identifying a barrier to the relief sought by these plaintiffs, persons who suffered some of the most unspeakably grievous injuries to their lives and families. As Judge Reinhardt said in *Deutsch*, the Holocaust was "the most atrocious act ever perpetrated by a civilized (or uncivilized) people, an act unparalleled in history." 324 F.3d at 704. Nevertheless, our courts are not the appropriate fora for redress. What the majority has unintentionally accomplished in embracing this case is nothing less than the wholesale creation of a World Court, an international tribunal with breathtaking and limitless jurisdiction to entertain the World's failures, no matter where they happen, when they happen, to whom they happen, the identity of the wrongdoer, and the sovereignty of one of the parties. The consequences of this holding are overwhelming. I need go no deeper than the third amended class action complaint to illustrate this point:

1. This is a civil action arising under customary international law and the laws of the United States of America on behalf of named Plaintiffs and a class of all Serbs, Jews, and former Soviet Union citizens (and their heirs and beneficiaries), who suffered physical, monetary and/or property losses including slave labor, due to the systematic and brutal extermination of Jews, Serbs, and Romani by the Nazi puppet Regime, The Independent State of Croatia (NDH) led by Pavelic's Ustasha Regime, and as a result of the occupation of the former Soviet Union by Croatian military forces in concert with their German occupation forces. This is an action against the Vatican Bank, Franciscan Order and Unknown Catholic Religious Orders, Croatian Liberation Movement (HOP), Swiss National Bank (SNB) and as yet unnamed recipients of Nazi and Ustasha Loot, Swiss, Austrian, Argentine, Spanish, Italian, Portuguese, and German banking institutions and California and other United States correspondent banks for their participation in and benefit from the Ustasha Regime's acts of cruelty and violence.

2. Plaintiffs and their heirs and beneficiaries seek accounting, restitution, disgorgement, and to recover damages arising out of the participation of Defendants, Vatican Bank or Istituto Per Le Opere Di Religione (hereinafter referred to as IOR), the Franciscan Order (OFM) and Unknown Catholic Religious Orders, Croatian Liberation Movement (HOP), Swiss National Bank (SNB), unknown recipients of Nazi and Ustasha loot, and other banking institutions and correspondent banks and religious orders and organizations in a common scheme and course of conduct: (a) to profit from, both directly and indirectly, the inhumane and genocidal system instituted by the Nazi-directed Ustasha Regime in Croatia and territories subject to Croatian civil or military occupation upon those peoples that it viewed, not as human beings, but as subhuman according to Nazi and Ustasha ideology;

(b) to obtain, accept, conceal, convert and profit from assets looted by the Ustasha Regime and deposited in, or liquidated through, the IOR, SNB, unnamed Doe Defendant Banks, and Franciscan Order during the ascendancy of the Ustasha Regime and following the demise of the Regime at the behest of the former Ustasha and Nazi leaders through the offices of the Franciscan Order; and (c) to retain and convert assets deposited in their institutions by the Croatian Liberation Movement, Ustasha and/or the Franciscan Order and Unknown Catholic Religious Orders.

3. Defendants committed, conspired to commit, and aided and abetted others who committed crimes against peace, war crimes and crimes against humanity. Defendants assisted the Ustasha Regime and its leaders as well as prominent Nazis to successfully evade justice for their genocidal crimes by concealing and making available the considerable assets of the Ustasha Treasury.

* * *

WHEREFORE, Plaintiffs pray that the Court:

1. Certify this action as a class action pursuant to FEDERAL RULE OF CIVIL PROCEDURE 23, and designating named Plaintiffs as the class representatives and counsel for Plaintiffs as Class counsel.

2. Declare that Defendants by trafficking in, retaining, disposing of and concealing assets looted from targets of the Ustasha Regime with knowledge that the assets had been obtained through the systematic persecution, torture, slave labor, force, and murder, violated international treaties and customary international law enforceable in this Court as federal common law, the law of the nations and international law.

3. Order Defendants to make available all information relating to the Ustasha Treasury in order that an accounting of assets may be realized.

4. Direct Defendants to return all identifiable property looted from Plaintiffs and received by Defendants.

5. Award Plaintiffs the value of any identified property deposited by, or looted from, Plaintiffs and received by Defendants plus interest compounded annually since 1941.

6. Award Plaintiffs compensatory and punitive damages arising out of Defendants' unlawful behavior in trafficking in, retaining, disposing and concealing Looted Assets or profits of the Ustasha Regime with knowledge that the assets or profits were the fruits of Nazi-Ustasha violations of international law and were used to assist war criminals to evade justice.

7. Order Defendants to disgorge any profits earned by trafficking in, disposing of or concealing the Ustasha Treasury which was the fruits of violations of international law.

8. Grant Plaintiffs a jury trial on all issues so triable.

9. Award Plaintiffs the costs of this action, including reasonable attorneys' fees and expert fees; and,

10. Grant such other and further relief as shall seem just to the Court.

Our unauthorized transformation of our district courts into an open-door international tribunal far overreaches the authority of "the least dangerous branch" of our government. This opinion, albeit well-intentioned, extends the concept of judicial authority into unknown territory and mistakenly exercises power and competence that plainly belongs to the President and to Congress. Today, it is the Vatican and the Holocaust. Tomorrow, will it be horrors from Haiti, Cuba,

Rwanda, South Africa, the Soviet Union, Bosnia, Sudan, Somalia, North Korea, Iraq, and who knows where? The majority opinion sends our district judges on a crusade from which they are not equipped and which is doomed to flounder. As a class action, it will make all others seem like cakewalks. One can only wonder if the filing of this lawsuit is nothing more than a ploy to force the President and the State Department to take action. Similarly, one can only wonder why the beleaguered State Department would stand silently by and allow this case to continue—in the Ninth Circuit no less, where mistakenly we would have allowed the *Garamendi* litigation to proceed.

Thus, I respectfully disagree that Alperin's unseverable "garden-variety" claims are justiciable.

APPENDIX B

UNITED STATES DISTRICT COURT
N.D. CALIFORNIA

EMIL ALPERIN, et al.,

Plaintiffs,

v.

VATICAN BANK, et al.,

Defendants.

Case No. C99-4941 MMC

FILED Jan. 3, 2003

ORDER GRANTING DEFENDANTS' MOTIONS TO DISMISS

CHESNEY, District Judge.

Before the Court are two separate motions to dismiss plaintiffs' Third Amended Complaint ("TAC"), filed, respectively, by defendant Order of Friars Minor ("OFM") and defendant Istituto per le Opere di Religione ("IOR"). The matters came on regularly for hearing on May 25, 2001. Ronald Mallen and Joanna Opperman of Hinshaw & Culbertson appeared on behalf of defendant OFM. Jeffrey Lena and John Niblock appeared on behalf of IOR. Tom Easton of the Law Offices of Thomas Dewey Easton and K. Lee Boyd of Pepperdine University Law School appeared on the behalf of plaintiffs. Having considered the papers filed in support of and in opposition to the motions and the arguments of counsel at the hearing, the Court rules as follows.

BACKGROUND

This case arises out of the atrocities committed during World War II at the behest of the Ustasha Regime ("Ustasha"), a Nazi puppet government that controlled the Independent State of Croatia ("Croatia") from 1941 through 1945 and occupied portions of the former Soviet Union along with German military forces. (*See* TAC ¶¶ 1, 43) The plaintiffs in this action are twenty-four individuals and four organizations. (*See* TAC ¶¶ 9-36.) The individual plaintiffs include victims of crimes against persons and property, and their descendants, currently residing in Europe and the United States.[1] The four organizational plaintiffs are (1) the Ukraine Organization of Ukrainian Antifascist Resistance Fighters, representing "8,500 former partisans and resistors of the Nazi occupation of Ukraine and concentration camp victims," (2) the Ukrainian Union of Nazi Victims and Prisoners, representing "over 300,000 former slave and forced laborers, prisoners, concentration camp, and ghetto survivors," (3) the Jasenovac Research Institute, a non-profit human rights organization and research institute "committed to establishing the truth about the Holocaust in Yugoslavia," and (4) the International Union of Former Juvenile Prisoners of Fascism, representing "Nazi victims in the former Soviet Union including Ukraine, Russia and Belarus." (TAC ¶¶ 33-36.)

Plaintiffs seek to represent "a class of all Serbs, Jews, former Soviet Union citizens (and their heirs and beneficiaries)," who suffered physical, monetary, and/or property losses or [were] forced into slave labor due to the systematic and brutal extermination of Jews, Serbs, and Romani by the Nazi puppet Ustasha Regime, and "as a result of the occupation of

---

[1] The Court will not endeavor to set forth herein a detailed description of the events giving rise to each of the plaintiffs' claims, which events include murder under the most horrific of circumstances, imprisonment, forced labor, and looting.

the Soviet Union by Croatian military forces in concert with their German occupation forces." (TAC ¶¶ 62.)

Defendant OFM is a religious brotherhood founded by St. Francis of Assisi. (OFM Mem. at 1 n.1.) Defendant IOR is a "special institute established and located within the Vatican City State for managing economic assets committed to it, and for administering those that serve to sustain works of religion and charity."[2] (Declaration of Father Daniel C. Conlin ("Conlin Decl.") ¶¶ 31-34.) The IOR was first constituted by Pope Leo XIII in the late 19th Century as the Commission for Charitable Causes ("Commission"), for the purpose of safeguarding and administering the capital of charitable institutions. (Piccolo Decl. Ex. E.) In 1941 and 1942, the "Commission" was transformed into what is currently known as the IOR, a "public juridical person"[3] created by chirographic[4] act

---

[2] The IOR's By-Laws provide the following:

> The purpose of the Institute is to provide for the custody and administration of personal and real property transferred or entrusted to the Institute by natural or legal persons for religious works or charity.
>
> The Institute therefore accepts assets whose destination, at least partial or future, is indicated by the preceding paragraph. The Institute can accept deposits from entities or persons of the Holy See and of the State of Vatican City.

(Declaration of Josephine Piccolo (Piccolo Decl.) Ex. K at 4.)

[3] "Juridical persons," under Canon Law, are legal subjects capable of acquiring, retaining, administering, and alienating temporal goods according to the norms of ecclesiastical law. (Conlin Decl. ¶ 23.) "Public juridical persons" are those legal subjects which act pursuant to a mission received from hierarchical authority and who are closely governed by ecclesiastical authority. (Conlin Decl. ¶ 25.)

[4] A Chirograph, in the Law of the Vatican City State, is a legal instrument by which the Pope expresses his sovereign will. (Conlin Decl. ¶¶ 8-9, 14.)

of Pope Pius XII.[5] (Conlin Decl. ¶ 26; Piccolo Decl, Ex. C at 9 Exs. E, K.)

Plaintiffs allege that the IOR and OFM profited from the genocidal system instituted by the Ustasha by obtaining, accepting, concealing, and converting assets from the Ustasha treasury, which contained assets looted by the Ustasha during World War II. (TAC ¶¶ 2, 5.) Specifically, plaintiffs allege that, following the demise of the Ustasha Regime in 1945, members of the Roman Catholic clergy and the OFM assisted in the transfer of over 200 million Swiss francs from the Ustasha treasury to the IOR. (TAC ¶¶ 56, 60.) Plaintiffs further allege that the IOR thereafter helped transfer portions of the Ustasha treasury to Ustasha war criminals living abroad. (TAC ¶ 59.)

Plaintiffs also allege that the IOR and OFM "committed, conspired to commit, and aided and abetted others who committed crimes against humanity". (TAC ¶ 3.) Specifically, plaintiffs allege that during World War II, members of the Roman Catholic clergy and the OFM were "high officials" of the Ustasha government and that relations between the Vatican and Ustasha were "cordial." (TAC ¶ 54, 55.) Plaintiffs further allege that following the war, the IOR assisted Ustasha war criminals in evading justice through the transfer of funds and financial transactions involving banks in "various European and South American countries." (TAC ¶¶ 59, 60.) Plaintiffs allege that the OFM also assisted Ustasha war criminals evade justice, by providing them with money, hiding them on its properties, and operating a Nazi smuggling operation known as the "ratline." (TAC ¶¶ 38, 55.) Plaintiffs allege that both the IOR and OFM profited from these transactions. (TAC ¶ 60.)

---

[5] By a 1990 Chirograph, Pope John Paul II approved changes to the IOR's by-laws, retaining its name and purpose while "render[ing] the structures and the activities of the institute more adequate to the needs of the times." (Piccolo Decl. Ex. I.)

On November 15, 1999, plaintiffs filed the complaint in this action. Following a series of motions to amend, stipulations of the parties, and orders of the Court, plaintiffs filed their Third Amended Complaint ("TAC") on August 30, 2000. Plaintiffs allege causes of action for conversion, unjust enrichment, human rights violations and violations of international law. They seek an accounting, restitution, disgorgement of profits, and compensatory and punitive damages. (TAC ¶¶ 80-97.)

Both the IOR and OFM move to dismiss on the grounds that (1) the case presents nonjusticiable political questions, (2) plaintiffs lack standing, (3) the statute of limitations has expired and (4) the court lacks personal jurisdiction. Additionally, the IOR has moved to dismiss under the "comity of nations" doctrine and on the ground that the Foreign Sovereign Immunities Act (FSIA), 28 U.S.C. § 1602, *et seq.*, bars plaintiffs' suit, and OFM has moved to dismiss on the ground that the Court lacks subject matter jurisdiction over plaintiffs' claims.

DISCUSSION

As noted, defendants' motions are based on a number of legal theories, each independently supporting dismissal of plaintiffs' claims. Upon agreement of the parties, the Court limits its discussion to the issue of whether plaintiffs' claims should be dismissed under the political question doctrine.

A. Overview of the Political Question Doctrine

"The political question doctrine holds that a federal court having jurisdiction over a dispute should decline to adjudicate it on the ground that the case raises questions which should be addressed by the political branches of government." *Iwanowa v. Ford Motor Co.*, 67 F. Supp. 2d 424, 483-84 (D.N.J. 1999) (citing *Baker v.* Carr, 369 U.S. 186, 210 (1962); *Atlee v. Laird*, 347 F. Supp. 689, 701 (E.D. Pa. 1972), *aff'd sub. nom. Atlee v. Richardson*, 411 U.S. 911 (1973)). "The

nonjusticiability of a political question is primarily a function of the separation of powers." *Baker v. Carr*, 369 U.S. at 210; *see Atlee v. Laird*, 347 F. Supp. at 692-700 (tracing evolution of political question doctrine). In essence, the doctrine limits the exercise of federal jurisdiction and forecloses judicial inquiry into matters whose resolution is committed to a coordinate branch of government. *See Baker*, 369 U.S. at 211.

The Supreme Court has identified the features that characterize a case raising a nonjusticiable political question:

> [1] A textually demonstrable constitutional commitment of the issue to a coordinate political department; [2] or a lack of judicially discoverable and manageable standards for resolving it; [3] or the impossibility of deciding without an initial policy determination of a kind clearly for non-judicial discretion; [4] or the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; [5] or an unusual need for unquestioning adherence to a political decision already made; [6] or the potentiality of embarrassment from multifarious pronouncements by various departments on one question.

Baker, 369 U.S. at 217. If any one of these factors is "inextricable from the case," the court should dismiss the case as nonjusticiable on the ground that it involves a political question. *See Baker*, 369 U.S. at 217.

It is well-established that "[t]he conduct of the foreign relations of our government is committed by the Constitution to the executive and the legislative—'the political'—departments of the government; and the propriety of what may be done in the exercise of this political power is not subject to any judicial inquiry or decision." *See Oetjen v. Central Leather Co.*, 246 U.S. 297, 302 (1918).

"The political question doctrine distinguishes between cases encompassing foreign relations and those addressing

purely domestic issues." *Iwanowa*, 67 F. Supp. 2d at 484; (citing *United States v. Curtiss-Wright Corp.*, 299 U.S. 304, 320 (1936); *Oetjen*, 246 U.S. at 302); *see Atlee*, 347 F. Supp. at 696, 701-03 (recognizing "critical distinction between political questions as they relate to purely domestic affairs and those relating to foreign affairs"). "Very different considerations" are involved in cases encompassing foreign relations. *Atlee*, 347 F. Supp. at 701. As one court has noted:

> First, the potentially relevant information in a foreign policy case comes from a multitude of sources—both domestic and foreign—and might, by sheer bulk alone, be unmanageable for a court. In addition, there is the very real possibility that the parties might not assemble all the data, in which case any attempt by the court to justify a decision on the merits of an issue having so profound an affect on the nation would be both difficult and unwise.... A second major element concerns the inherent inability of a court to predict the international consequences flowing from a decision on the merits.

Id. at 702. Thus, when the foreign relations of the United States are at stake, courts properly are more hesitant to intervene than when the internal operations of this country are involved. *See id.* at 701 (recognizing "the need for federal courts to move with extreme caution in the sensitive area of foreign policy").

Nevertheless, "it is error to suppose that every case or controversy which touches foreign relations lies beyond judicial cognizance." *Baker*, 369 U.S. at 211. Rather, courts should undertake a "discriminating analysis of the particular question posed, in terms of the history of its management by the political branches, its susceptibility to judicial handling in the light of its nature and posture in the specific case, and the possible consequences of judicial action." *Id.* at 211-12.

B. Application of the Political Question Doctrine

Here, consideration of the factors identified in *Baker* suggests that plaintiffs' case must be dismissed.

1. *Commitment of the Issue to a Coordinate Political Department*

First, the history of the management by the political branches of claims arising out of World War II and the Holocaust reveals a long-standing foreign policy commitment to resolving such claims at the governmental level. *See, e.g., In re Nazi Era Cases Against German Defendants Litigation*, 129 F. Supp. 2d 370, 382 (D.N.J. 2001) (holding "long-standing foreign policy commitment to resolving claims arising out of World War II and the Holocaust at a governmental level" provides basis for dismissal under the political question doctrine). Consequently, courts generally have recognized that adjudication through private litigation of claims such as those presented here would both intrude upon matters committed to the political branches and reflect a lack of respect for the coordinate branches of government. *See Burger-Fischer v. DeGussa AG*, 65 F. Supp. 2d 248, 282, 284-85 (D.N.J. 1999) (holding class actions against German corporations nonjusticiable under political question doctrine where plaintiffs alleged defendants participated in Nazi regime's looting of gold and personal property and in using and profiting from forced labor); *Iwanowa*, 67 F. Supp. 2d at 485-86 (holding class action against German manufacturer and its American parent nonjusticiable under political question doctrine where plaintiffs sought compensation and damages for forced labor in manufacturer's factory during World War II).

Starting with the Potsdam Conference in 1945, the United States has been a party to numerous treaties and agreements addressing reparations to be paid as a result of actions taken

during World War II.[6] *See Burger-Fischer v. DeGussa AG*, 65 F. Supp. 2d 248, 266-272 (D.N.J. 1999). These efforts by the executive branch have continued up to recent times. *See id.* (citing to 1995 "Princz Agreement" and "1996 Second Supplemental Social Security Agreement"). Such action at the governmental level reflects a firmly-established policy that claims arising out of World War II "be resolved through government-to-government negotiations." *See Iwanowa*, 67 F. Supp. 2d at 486.[7] Indeed, in 1953, that policy was expressly declared by the State Department: "[R]eparations and other governmental claims relating to World War I and II should more appropriately be dealt with in the context of a peace treaty or similar arrangement." *See* Memorandum 5882, John Foster Dulles, Secretary of State, to the President, April 4, 1953, enclosure 7(a) at 4; Memorandums for the

---

[6] Treaties and agreements between the United States and former Axis powers immediately following the end of World War II include the Potsdam Agreement (1945), Paris Agreement (1946), Treaty of Peace with Italy (1947), Transition Agreement (1952-54), London Debt Agreement (1955). *See Burger-Fischer*, 65 F. Supp. 2d at 265-269; *see also* Declaration of Joanna D. Opperman Ex. B.

[7] Plaintiffs attempt to distinguish the instant case from *Iwanowa* and *Burger-Fischer* on the ground that it is a "bank restitution case, not a reparations case." (*See* Pl's Opp. to OFM's Motion to Dismiss at 6.) This is a distinction without a difference. "Beginning with the Versailles Treaty concluding World War I, the term 'reparations' has been deemed to refer to 'all loss and damage to which ... Governments and their nationals have been subjected as a consequence of the war imposed on them.'" *Burger-Fischer*, 65 F. Supp. 2d at 275 (citing Treaty of Peace Between the Allied and Associated Powers and Germany, June 28, 1919, Art. 231, I Bevans 43, 137038). Moreover, to the extent such a distinction may be recognized, it is of no assistance to plaintiffs here. As the IOR points out, plaintiffs' claims are more properly characterized as claims for reparations. (*See* IOR Reply at 9 n.19.) Plaintiffs do not identify as having been converted by the IOR or OFM any personal property, such as a bank deposit or insurance policy, and the relief sought is almost identical to that sought by the plaintiffs in Burger-Fischer. *See Burger-Fischer*, 65 F. Supp. 2d at 253-54.

President-April 1953; Entry 1260; General Records of the Executive Secretariat, 1948-1956 (Lot File 56D459); General Records of the Department of State, Record Group 59; National Archives at College Park, College Park, MD.

While acknowledging the extensive involvement of the executive branch in the resolution of claims arising from World War II, plaintiffs argue that various treaties and reparation agreements have no bearing on the issue presented here because the IOR is located in the Holy See, which was not a party to any treaty or reparations agreement. (*See* Pl.'s Opp. to IOR's Mot. to Dismiss at 23; Pl's Opp. to OFM's Mot. to Dismiss at 8.) The existence of a treaty with these specific defendants, however, is not dispositive. The question, rather, is whether plaintiffs' claims are the type of claims that have been committed to the political branches for resolution. *See In re Nazi Era Cases Against German Defendants Litigation*, 129 F. Supp. 2d at 378 ("The question is not whether Plaintiff's claims are barred by treaty, but whether his claims are such that they have been committed to the political branches for resolution. To find that they have not been would be to conclude that his claims are somehow distinct from every other type of claim arising out of World War II and that they have somehow been left open for judicial resolution.")

Here, in addition to the treaties and agreements referenced above, the executive branch has manifested its continuing commitment to resolving individual claims arising out of World War II by actively encouraging other nations, including the Vatican State, to open their archives for the purpose of addressing the recovery and restoration of stolen gold and other assets and, in particular, any such gold and assets contained in the Ustasha Treasury. (*See* Declaration of Jeffrey S. Lena Ex. C ["U.S. and Allied Wartime Postwar Relations and Negotiations with Argentina, Portugal, Spain, Sweden, and Turkey on Looted Gold and German External Assets and U.S. Concerns About the Fate of the Wartime Ustasha Treasury," June 1998 ("Eizenstat Report")]). One such effort, the 1997

London Conference on Nazi Gold, is described in detail by the State Department in the Eizenstat Report. As noted therein:

> In December [1997] the British government brought together 41 countries and the Vatican at the London Conference on Nazi Gold. The London Conference was a landmark in the international community's effort to illuminate long-obscured facts from that dark chapter in history. Significant progress was made in coordinating research, addressing methodological issues and encouraging governments to open their archives and to make their records fully accessible. The London Conference highlighted as never before the international dimensions of the issue of looted gold, and catalyzed the work of the national commissions and others working to complete the historical record on this complex subject.

(*Id.* at xix.) In December of the following year, "[i]n order to sustain [the] positive momentum of the London Conference," (*see id.* at xx), the State Department co-hosted in Washington, D.C., the Washington Conference on Holocaust-Era Assets. The State Department's commitment to resolving this "complex subject" (*see id.* at xix) reflects a preference for a cooperative approach at the governmental level and further suggests that courts should not intervene.[8]

Ultimately, a court must consider the totality of the circumstances in determining whether a claim is one committed to the political branches for resolution. For all of the reasons discussed above, the Court finds plaintiffs' claims are such that they have been committed to the political branches and, as such, are not justiciable.

---

[8] Plaintiffs question the efficacy of the above-referenced and other diplomatic negotiations with the Vatican. As was noted in Iwanowa, however, "[c]ourts may not pass judgment upon the political negotiations of the executive branch and the international community." *Iwanowa*, 67 F. Supp. 2d at 487.

2. *Lack of Judicially Discoverable and Manageable Standards for Resolving the Issues*

The second of the *Baker* factors likewise requires dismissal, on the ground that there exist no "judicially discoverable and manageable standards" for resolving plaintiffs' claims.[9] *See Baker*, 369 U.S. at 217. Courts have repeatedly recognized that they are ill-equipped to adjudicate class actions based on the kinds of claims presented here, and that such claims are the province of the political branches. In *Kelberine v. Societe Internationale, Etc.*, 363 F.2d 989 (D.C. Cir. 1965), a class action against a Swiss holding company, based on a conspiracy by its German subsidiary and others to seize property and enforce slave labor during World War II, the Court of Appeals affirmed the district court's dismissal of the complaint on the ground that the plaintiffs' claims "pos[ed] an insoluble problem if undertaken by courts without legislative or executive guidance, authorization or support." *Id.* at 995. In so ruling, the court observed:

> The span between the doing of the damage and the application of the claimed assuagement is too vague. The time is too long. The identity of the alleged tortfeasors is too indefinite. The procedure sought—adjudication of some two hundred thousand claims for multifarious damages inflicted twenty to thirty years ago in a European area by a government then in power—is too complicated, too costly, to justify undertaking by a court without legislative provision of the means wherewith to proceed. *Id.*

---

[9] Plaintiffs' reliance on *Koohi v. U.S.*, 976 F.2d 1328 (9th Cir. 1992) to support an argument to the contrary is misplaced. In *Koohi*, a civilian Iranian airplane was mistakenly shot down by the U.S. Navy. The claims were for wrongful death, negligence and product liability. *Id.* In contrast to the instant case, all of the claims arose from a single event, the event occurred within a recent time frame, and the plaintiffs and their heirs were easily identifiable and limited in number. *See Koohi*, 976 F.2d at 1330.

Thirty-three years later, in *Iwanowa*, the court held the claims raised therein were non-justiciable on the same grounds. *See Iwanowa*, 67 F. Supp. 2d at 489. Among the impediments to meaningful adjudication noted by the court were "the task of identifying and notifying thousands of potential plaintiffs around the world," the "multitude of sources" from which the relevant materials would come, and the likelihood that the parties would be unable to gather all of the "pertinent data." *See id.* at 489. All of these concerns are equally applicable to the instant action. As expressed by the court in *Iwanowa*: "The specter of adjudicating thousands of claims arising out of a war that took place more than fifty years ago amounts to a more daunting task for this Court to tackle than the Kelberine Court could have ever contemplated." *Id.*

Similarly, in *Burger-Fischer*, the district court noted the lack of judicial standards to adjudicate plaintiffs' claims:

> Wrongs were suffered not only by the classes of persons represented in these proceedings, however, but by many other classes of persons in many lands. They, too, had claims against German assets. By what conceivable standard could a single court arrive at a fair allocation of resources among all the deserving groups? By what practical means could a single court acquire the information needed to fashion such a standard?

Burger-Fischer, 65 F. Supp. 2d at 284.

Plaintiffs point to two recent district court decisions in an effort to demonstrate that discoverable and manageable standards for resolving their claims exist: In *In re Holocaust Victim Assets Litigation*, 105 F. Supp. 2d 139 (E.D.N.Y. 2000), a class action against Swiss banks for concealing assets of Holocaust victims, accepting and laundering illegally obtained Nazi loot, and transacting in the profits of slave labor, and *In re Austrian and German Bank Holocaust Litigation*, 80 F. Supp. 2d 164 (S.D. N.Y. 2000), a class action against Aus-

trian and German banks for conversion of Holocaust victims' assets, profiting from forced and slave labor, and other violations of international law arising out of Nazi activities.

Plaintiffs' reliance on these cases is misplaced. In each instance, the district court exercised jurisdiction over the action for the sole purpose of approving a proposed class settlement. *See id.* at 167; *In re Holocaust Victim Assets Litigation*, 105 F. Supp. 2d at 141-42. Moreover, in determining the propriety of those settlements, both courts recognized the significant practical and legal obstacles to litigation of the plaintiffs' claims. *See In re Holocaust Victim Assets Litigation*, 105 F. Supp. 2d at 148 (citing *Iwanowa* and *Burger-Fischer* "as a reality check for those objectors who believe that strong moral claims are easily converted into successful legal causes of action"); *In re Austrian and German Bank Holocaust Litigation*, 80 F. Supp. 2d at 177 ("The Court is impressed by the factual difficulties and legal defenses that plaintiffs face in further litigation of their claim. Each of the defenses outlined by the defendants appear to have merit.").[10] Neither court reached the issue of the justiciability of the plaintiffs' claims, nor were they faced with the task of actually adjudicating them.[11]

Plaintiffs also cite *Bodner v. Banque Paribas*, 114 F. Supp. 2d 117 (E.D.N.Y. 2000), in support of their contention that plaintiffs' claims are justiciable. Bodner involved a class action by descendants of Jewish customers of French

---

[10] In both cases the defendants had moved to dismiss the plaintiffs' claims on numerous legal grounds, including the political question doctrine. Adjudication of those issues was precluded by the settlements.

[11] Plaintiffs argue that the Court should decline to dismiss their claims because other class actions have provided the "catalyst" for international agreements and "leverage" for resolution by settlement. (*See* Pl's Opp. to IOR's Mot. To Dismiss at 21.) Whether a settlement is reached in any individual case, however, has no bearing on the legal issues presented in the absence of such settlement. *See, e.g., id.* (considering apparent merit of available defenses in assessing fairness of class settlement).

banking institutions, asserting a conspiracy on the part of the defendant banks to expropriate money and other property deposited therein during the Nazi occupation. *See Bodner*, 114 F. Supp. 2d at 121-23. *Bodner* is distinguishable from the instant action on both its facts and the legal issues presented. The plaintiffs' claims in *Bodner* were based on the expropriation of distinct sums of money and deposited assets that remained in the hands of the defendant banks. *See id.* Moreover, the political question doctrine was never raised by defendants in their motion to dismiss, and thus was not before the court. *See Bodner*, 114 F. Supp. 2d at 129 n.9.[12]

Here, by contrast, plaintiffs do not seek recovery of money and assets withheld from specific accounts but, rather, the undetermined value of property stolen in untold ways in multiplicity of regions by both military personnel and civilians.[13] Moreover, plaintiffs seek such recovery out of an undivided portion of the Ustasha Treasury transferred to the

---

[12] For similar reasons, the Court of Appeals' recent decision in *Altmann v. Republic of Austria*, 317 F.3d 954 (9th Cir. 2002), is inapplicable. *Altmann* concerned a claim for recovery of six paintings seized by the Nazis from the plaintiff's uncle and ultimately housed in the Austrian Gallery. There, in contrast to the instant action, the plaintiff sought the return of specific, identifiable property, and the political question doctrine was not at issue.

[13] It also bears noting that the perpetrators of the crimes alleged are not uniformly identified. In some instances the Ustasha is expressly implicated (*See, e.g.*, TAC ¶ 24 (alleging plaintiff Mila Conger "was taken by Ustasha to Karlovac as a forced laborer.")) In others, the perpetrators are less clearly identified. (*See, e.g.*, TAC ¶ 1 (alleging plaintiff Emil Alperin resided in Odessa, Ukraine, where "Germans and allied Fascists, believed to be Croatians, looted and destroyed all [his] household belongings and personal property"; ¶ 21 (alleging plaintiff Milorad Skoric's family was taken away and their village of Loncarica, Yugoslavia, was burned down, "apparently by the Ustasha."))) In still other instances, the perpetrators are not identified at all, the allegations having been made in the passive voice. (*See, e.g.*, ¶ 27 (alleging plaintiff David Levy's "family property was taken and plaintiff was made a forced laborer."))

IOR. Such claims require a review of materials from a multitude of foreign sources that, "by sheer bulk alone," are likely to be unmanageable. *See Atlee*, 347 F. Supp. at 702. Compounding the problem, "there is a distinct possibility that the parties might not be able to compile all of the relevant information, thus making any attempt to justify a ruling on the merits of an issue that will affect the nation difficult and imprudent." *See Iwanowa*, 67 F. Supp. 2d at 484; *see also Atlee*, 347 F. Supp. at 702 (noting "the inherent inability of a court to predict the international consequences flowing from a decision on the merits.") Further, plaintiffs' claims require this Court to resolve the competing rights to the Ustasha Treasury of potentially hundreds of thousands of citizens of various nations, funds as to which any number of persons harmed by the Ustasha regime, both represented and not represented in these proceedings, might equally assert a claim.

In sum, the instant action presents the same intractable problems as were recognized in *Kelberine*, *Iwanowa*, and *Burger-Fischer*. In this instance, there exist essentially insurmountable barriers to identifying and dividing that portion of the Ustasha Treasury transferred to the OFM and IOR. In other words, plaintiff's claims present issues for which this Court lacks "judicially discoverable and manageable standards." *See Baker*, 369 U.S. at 217.

CONCLUSION

For the reasons expressed, the Court finds that plaintiffs' claims present political questions that are not justiciable and, consequently, must be dismissed. This is not to suggest that plaintiffs are undeserving of relief. Indeed it is the very magnitude of the horrors giving rise to plaintiffs' claims and of the war in which they arose that places those claims beyond the purview of this Court. As one court has recognized:

> "It goes without saying that the events which form the backdrop of this case make up one of the darkest periods of man's modern history.... At the same time, however, it

---

[3] By a 1990 Chirograph, Pope John Paul II approved changes to the IOR's by-laws, retaining its name and purpose while "render[ing] the structures and the activities of the institute more adequate to the needs of the times." (Piccolo Decl. Ex. I.)

must be understood that the law is a tool of limited capacity. Not every wrong, even the worst, is cognizable as a legal claim."

In re Holocaust Victim Assets Litigation, 105 F. Supp. 2d at 149.

Accordingly, the motions are hereby GRANTED and the above-entitled action is hereby DISMISSED as to the moving defendants.

This order closes Docket Nos. 85, 90, 166.

IT IS SO ORDERED.

APPENDIX C

UNITED STATES DISTRICT COURT,
N.D. CALIFORNIA

EMIL ALPERIN, et al.,

Plaintiffs,

v.

VATICAN BANK, et al.,

Defendants.

Case No. C99-4941 MMC

FILED May 29, 2003

CHESNEY, District Judge.

ORDER DENYING MOTION FOR JUDGMENT BY DEFAULT; DISMISSING ACTION

Before the Court is plaintiffs' motion, filed April 10, 2001, for judgment by default on plaintiffs' Third Amended Complaint ("TAC") against defendant Croation Liberation Movement (*Hrvatski Oslobodilacki Pokret*) ("HOP") pursuant to Federal Rule of Civil Procedure 55(b).

I. Background

By order dated January 3, 2003, the Court dismissed, under the political question doctrine, the action against defendants Order of Friars Minor (OFM") and Instituto per le Opere di Religione ("IOR"). By separate order filed concurrently therewith, the Court provided plaintiffs the opportunity to demonstrate that the political question doctrine was not equally applicable to plaintiffs' claims against HOP and further to demonstrate that the Court has personal jurisdiction

over HOP. On January 31, 2003, plaintiffs filed a memorandum addressing both issues and, on February 3, 2003, filed a supplemental memorandum further addressing the issue of personal jurisdiction.

II. Discussion

A. Political Question Doctrine

As discussed in the Court's order of January 3, 2003, by which the Court granted the motions to dismiss filed by defendants OFM and IOR, "[t]he political question doctrine holds that a federal court having jurisdiction over a dispute should decline to adjudicate it on the ground that the case raises questions which should be addressed by the political branches of government." *See Iwanowa v. Ford Motor Co.*, 67 F. Supp. 2d 424, 483-84 (D.N.J. 1999). As further discussed in that order, the Supreme Court has identified the features that characterize a case raising a nonjusticiable political question:

> [1] A textually demonstrable constitutional commitment of the issue to a coordinate political department; [2] or a lack of judicially discoverable and manageable standards for resolving it; [3] or the impossibility of deciding without an initial policy determination of a kind clearly for non-judicial discretion; [4] or the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; [5] or an unusual need for unquestioning adherence to a political decision already made; [6] or the potentiality of embarrassment from multifarious pronouncements by various departments on one question.

Baker, 369 U.S. at 217. If any one of these factors is "inextricable from the case," the court should dismiss the case as nonjusticiable on the ground that it involves a political question. *See Baker*, 369 U.S. at 217.

For the reasons expressed in its January 3, 2003 Order Granting Defendants' Motions to Dismiss, which order the Court incorporates in full by reference herein, the issues raised by the claims against HOP are equally nonjusticiable under the political question doctrine.

1. Commitment of the Issue to a Coordinate Political Department

Plaintiffs argue that in the absence of defendants OFM and IOR, the case no longer "fit[s] neatly into the category of Holocaust restitution as pursued by the Executive branch to date." (*See* Plaintiffs' Memorandum of Law Distinguishing HOP on Political Question Issue ("Pls.' Mem.") at 2:11-12.)

To the extent plaintiffs' argument is based on their contention the case against HOP is distinguishable from that against OFM and IOR because the Ustasha persecuted Christian Serbs, (*see id.* at 2:10, 15-17), plaintiffs' argument lacks merit. The events underlying plaintiffs' claims against OFM and IOR are the same events underlying plaintiffs' claims against HOP.[1]

To the extent plaintiffs contend the case against HOP is distinguishable on the ground that HOP is neither a "governmental entity nor connected with any government," (*see id.* at 3:3), plaintiffs' argument likewise fails. Governmental status has not been deemed a prerequisite for application of the political question doctrine. *See, e.g., Iwanowa v. Ford Motor Company*, 67 F. Supp. 2d 424, 485-86 (D.N.J. 1999) (holding class action against German automobile manufacturer and its American parent nonjusticiable under political question doctrine where plaintiffs sought compensation and damages for

[1] Moreover, plaintiffs allege that the Ustasha committed atrocities against both Christians and Jews, (*see* TAC ¶ 50), and, as noted in the Court's prior order, plaintiffs seek to represent a class of "Jews, Serbs and former Soviet Union citizens (and their heirs and beneficiaries)." (*See* TAC ¶ 62.)

forced labor in manufacturer's factory during World War II); *Burger-Fischer v. DeGussa AG*, 65 F. Supp. 2d 258, 282, 284-85 (D.N.J. 1999) (holding class action against German corporations nonjusticiable under political question doctrine where plaintiffs alleged defendants participated in Nazi regime's looting of gold and personal property and in using and profiting from forced labor). Citing *Kadic v. Karadzic*, 70 F.3d 232 (2d Cir. 1995), plaintiff argues that HOP is "better equated with other Balkan legal personalities which have been successfully sued in Federal Court for human rights violations." (*See* Pls.' Mem. at 4:6-8.) Kadic, however, did not involve claims arising from World War II, but rather from the recent Bosnian civil war. *See Kadic*, 70 F.3d at 236-37.

In any event, even if plaintiffs were successful in distinguishing their claims against HOP on such grounds, such distinction ultimately is unavailing as the Court lacks judicially discoverable and manageable standards for resolving the issues against HOP.

2. Lack of Judicially Discoverable and Manageable Standards for Resolving the Issues

At the outset, it should be noted that, for purposes of determining the question of discoverable and manageable standards, the fact HOP has not responded to the TAC does not itself serve to distinguish plaintiff's claims against HOP from those against OFM and IOR. Although a defendant, by reason of its failure to respond to a complaint, is deemed to have admitted the well-pleaded factual allegations contained therein, "necessary facts not contained in the pleadings and claims which are legally insufficient are not established by default." *See Cripps v. Life Insurance Co. of No. America*, 980 F.2d 1261, 1267 (9th Cir. 1992).

Here, although the TAC consists of 29 pages, few references are made therein to HOP. Rather, the TAC describes in detail the atrocities committed by the Ustasha and other Nazi sympathizers. Neither the Ustasha nor the Independent State

of Croatia, on whose behalf the Ustasha acted, is named as a defendant, nor are any of the leaders of the Ustasha, who, as alleged in the TAC, include "[Ante] Pavelic, (President of Puppet Croatia), [Andrija] Artukovic (Ustasha Minister of Justice), [Dinko] Sakic (Jasenovac Concentration Camp Commander) and [Stjepan] Hefer (Ustasha Minister of Agriculture)." (*See* TAC ¶ 39.)[2]

HOP, a movement alleged to have been founded by Pavelic in Argentina in 1956, more than ten years after the last of the events giving rise to plaintiffs' claims, (*see* TAC ¶¶ 39, 43, 47), is not alleged to have committed the war crimes at issue, and plaintiffs' conclusory description of HOP as the "successor organization to the Ustasha government," (*see* TAC ¶ 39), is insufficient to equate HOP with the Ustasha for purposes of liability. What remains are plaintiffs' allegations that "[a]s late as January 1952 the CIA reported 5 million Swiss francs consisting of Ustasha loot transferred from Switzerland to Pavelic in Argentina," (*see* TAC ¶¶ 40, 57), and that HOP "had access to looted funds." (*See* TAC ¶ 39). There is no allegation that HOP received the 5 million francs. Indeed, according to plaintiffs, HOP was not founded until 1956, four years after the transfer was reported.[3] Rather, plaintiffs make the general allegation that "[a]ll Defendants ... improperly retained and concealed illicit profits and withheld them from their rightful owners." (*See* TAC ¶ 5.)

Under such circumstances, even assuming plaintiffs have pleaded sufficient facts as to HOP to support a finding of liability, plaintiffs' damages claim against HOP implicates the same barriers to identifying and dividing that portion of the Ustasha Treasury transferred to the defendant as the Court has previously discussed with respect to plaintiffs' claims against

---

[2] Presumably, most, if not all, such individuals are deceased.

[3] Consequently, even if HOP is deemed to have admitted the fact of the transfer, as opposed to only that such a transfer was "reported," the allegations are insufficient to plead receipt of such funds by HOP.

OFM and IOR. (*See* Order Granting Defendants' Motions to Dismiss at 13-14.) Plaintiffs arguments to the contrary are unavailing.

At the outset, plaintiffs seek to distinguish their claims against HOP from those against OFM and IOR on the ground that a "specific res" exists. (*See* Pls. Mem. at 5:9-11.) For the reasons expressed in the Court's Order Granting Defendants' Motions to Dismiss, plaintiffs' argument is unpersuasive.

Next, to the extent plaintiffs' assertion that HOP is "better equated with other Balkan legal personalities which have been successfully sued," (*see id.* at 4:6-8), is also intended to support plaintiffs' position on the issue of judicially discoverable and manageable standards, plaintiffs' argument likewise fails. First, any reliance on *Kadic v. Karadzic*, 70 F.3d 232, is, again, misplaced. Unlike the instant action, the events in *Kadic*, as noted above, were alleged to have occurred in recent years, *see Kadic*, 70 F.3d at 236-37, and the sole defendant was alleged to have personally ordered the commission of the atrocities giving rise to the complaint. *See id.* at 242. Similarly, *Tachiona v. Mugabe*, 216 F. Supp. 2d 262 (S.D.N.Y. 2002), on which plaintiffs also rely, is distinguishable. In *Tachiona*, the defendants were the ruling party of Zimbabwe and three of its officers, who were alleged to have committed atrocities during a recent and very limited period of time, specifically, the four months preceding Zimbabwe's June 2000 elections. *See Tachiona v. Mugabe*, 169 F. Supp. 2d 259, 264, 266 (S.D.N.Y. 2001).

Neither *Kadic* nor *Tachiona* involved barriers to judicial resolution even approaching the magnitude of those presented by the instant action against HOP. Indeed, in finding the claims alleged in *Kadic* justiciable, the Court of Appeals cited to its decision in *Klinghoffer v. S.N.C. Achille Lauro*, 937 F.2d 44 (2d Cir. 1991), an action the *Klinghoffer* court had

described as "an ordinary tort suit."[4] *See Kadic*, 70 F.3d at 249; *Klinghoffer*, 937 F.2d at 49.[5]

Here, by contrast, plaintiffs have not brought "an ordinary tort suit." Rather, plaintiffs case against HOP presents the same intractable problems with respect to discovery, proof and apportionment of loss recognized in other cases involving the atrocities committed during World War II, *see, e.g., Kelberine v. Societe Internationale, et. al.*, 363 F.2d 989, 995 (D.C. Cir. 1965); *Iowana v. Ford Motor Co.*, 67 F. Supp. 2d 424, 489 (D.N.J. 1999); *Burger-Fisher v. DeGussa AG*, 65 F. Supp. 2d 248, 284 (D.N.J. 1999), and discussed in detail in the Court's order granting the motion to dismiss filed by defendants OFM and IOR.

Consequently, for the reasons set forth above and in the Court's order of January 3, 2003, in which the Court granted the motions to dismiss filed by OFM and IOR, the Court finds that plaintiff's claims against HOP present political questions that are not justiciable.

B. PERSONAL JURISDICTION

"When entry of judgment is sought against a party who has failed to plead or otherwise defend, a district court has an affirmative duty to look into its jurisdiction over both the subject matter and the parties." *Tuli v. Republic of Iraq*, 172

---

[4] *Klinghoffer* involved several lawsuits against a ship owner, ship's charterer, two travel agencies, and the Palestine Liberation Organization ("PLO"), filed by passengers of a highjacked ocean liner and the estate of a passenger who was murdered by the highjackers. *See id.* 937 F.2d at 47. All of the events occurred on a single day in 1985 and less than two months before the filing of the first lawsuit. *See id.*

[5] The court in Klinghoffer also found that a judicial resolution of the claims would not reflect a lack of respect due coordinate branches of government as the PLO had taken the position that the hijacking was an act of piracy, not terrorism, and that in any event, the Executive and Legislative branches had endorsed the concept of suing terrorist organizations. *See id.* at 49.

F.3d 707, 712 (9th Cir. 1999). Because a default judgment that later can be successfully attacked is void, "a court should determine whether it has the power, *i.e.*, the jurisdiction, to enter the judgment in the first place." *See id.*

Here, as noted, the Court, by order filed January 3, 2003, afforded plaintiffs the opportunity to demonstrate that the Court has personal jurisdiction over HOP, and plaintiffs have addressed the issue of personal jurisdiction in both their initial and supplemental responses thereto. Plaintiffs, however, have failed to plead or otherwise show that HOP is subject to this Court's jurisdiction.

"A court may exercise either general or specific jurisdiction over a nonresident defendant." *Sher v. Johnson*, 911 F.2d 1357, 1360 (9th Cir. 1990). General jurisdiction is applicable where the defendant engages in "substantial" or "continuous and systematic" activities in the forum, irrespective of whether the cause of action is related or unrelated to those activities. *See id.* Specific jurisdiction requires that the defendant have "sufficient contacts" with the forum in relation to the cause of action. *See id.* In particular, (1) the defendant must "purposefully avail[ ] himself or herself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of the forum's laws;" (2) "the claim must arise out of or result from the defendant's forum-related activities"; and (3) "exercise of jurisdiction must be reasonable." *See id.* With respect to both types of jurisdiction, an evaluation of the sufficiency of the defendant's contacts necessarily includes a determination of the time at which such contacts occurred. *Compare Metropolitan Life Ins. Co. v. Robertson-Ceco Corp.*, 84 F.3d 560, 569-70 (2d Cir. 1996), *cert. denied*, 519 U.S. 1006 (1996) ("In general jurisdiction cases, district courts should examine a defendant's contacts with the forum state over a period that is reasonable under the circumstances-up to and including the date the suit was filed-to assess whether they satisfy the 'continuous and systematic' standard."), with *Farmers Ins. Exch. v. Portage La Prairie*

Mut. Ins. Co., 907 F.2d 911, 913 (9th Cir. 1990) (holding, where specific jurisdiction is at issue, the only relevant contacts are those "occurring prior to the event causing the litigation").

Here, whether personal jurisdiction is assessed as of the time of the events giving rise to plaintiffs' claims or the time of the filing of the complaint, plaintiffs have failed to make the requisite showing. First, given the nature and timing of the events underlying plaintiffs' claims, plaintiffs have made no effort to establish specific jurisdiction; instead, plaintiffs confine their allegations in the TAC, as well as their arguments and supporting evidence, to the question of general jurisdiction. Second, plaintiffs have failed to make an adequate showing as to general jurisdiction.

In response to the Court's January 3, 2003 Order Re: Plaintiffs' Motion for Judgment by Default, plaintiffs, citing the TAC, state they have alleged that HOP has members in the United States and is doing business in California. (*See* Pls.' Mem. at 6:19-21.) The Court has not located those allegations in the TAC. Rather, plaintiffs allege that "HOP has been active" in the United States, (*see* TAC ¶ 39), at best a conclusory and ambiguous statement both as to the time and nature of HOP's activities. Further, when given an opportunity to elaborate, plaintiffs' submitted an exhibit stating that HOP was founded in Buenos Aires, Argentina in 1956 and that in 1991, the organization "in its entirety" was moved to Croatia. (*See* Pls.' Mem. Ex. 2 (Ruchala Dec.), third unnumbered attachment ("The History and Program of Croatian Liberation Movement").)[6] By way of additional explication, plaintiffs submit a document, which, according to plaintiffs, "lists Dr. Anton Bonifacic of Chicago, Illinois as a past President of HOP." (*See* Pls.' Mem. at 6: 21-22.) That document,

---

[6] Plaintiffs served HOP by mail in Zagreb, Croatia. (*See* Additional Supporting Declaration of Tom Easton with Original Receipt Attached for Application for Clerk's Entry of Default, filed March 21, 2001.)

however, makes no reference to Dr. Bonifacic's residence and, in any event, states that his presidency lasted from October 1975 through July 1981. (*See* id. Ex. 2, third unnumbered attachment.) Plaintiffs also submit a document authored by the United States Secret Service, which document, according to plaintiffs, is evidence "that HOP was active in the past in the United States." (*See* Pls.' Supp. Mem. at 2:4-5.) This document, however, sheds little, if any, light on HOP's current activities. Indeed, under the subheading "Membership," it states: "Membership and Area of Operation Membership (sic)-Unknown." (*See id.* Ex 5.)

Under the circumstances, plaintiffs have failed to show that at any relevant time period, HOP had sufficient contacts with the United States for purposes of establishing personal jurisdiction.

III. Conclusion

For the reasons stated, the Court finds plaintiffs' claims against HOP present political questions that are not justiciable and that the Court lacks personal jurisdiction with respect to plaintiffs' claims against HOP.

Accordingly, plaintiffs' Motion for Judgment by Default is hereby DENIED and the complaint against HOP is hereby DISMISSED.

The Clerk shall close the file.

IT IS SO ORDERED.

APPENDIX D

No. 03-15208

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

EMIL ALPERIN, et al.,

Plaintiffs-Apellants,

v.

VATICAN BANK, aka Institute of Religious Works aka Instituto per le Opere Di Religione (IOR); et al.,

Defendants-Appellees.

D.C. No. CV-99-04941-MMC

Before: TROTT and McKEOWN, Circuit Judges, and SHADUR,* Senior Judge.

The attached majority opinion and dissent are substituted for the opinion and dissent filed on April 18, 2005.

With these substitutions, Judge McKeown has voted to deny the petitions for panel rehearing and rehearing en banc filed by the Vatican Bank and the Order of Friars Minor. Judge Shadur has voted to deny the petitions for panel rehearing and has recommended denying the petitions for rehearing en banc. Judge Trott has voted to grant the petitions for panel rehearing and has recommended granting the petitions for rehearing en banc.

---

* The Honorable Milton I. Shadur, Senior United States District Judge for the northern District of Illinois, sitting by designation.

The full court has been advised of the petitions for rehearing and rehearing en banc and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35. The petitions for panel rehearing and the petitions for rehearing en banc are denied. No additional petitions for rehearing en banc will be considered by the panel.

STAMPED: FILED
June 9, 2005
CATHY A. CATTERSON, CLERK
U.S. COURT OF APPEALS

APPENDIX E

[SEAL]
SEGRETERIA DI STATO
SEZIONE
PER I RAPPORTI CON GLI STATI
N. 8261/00/RS

VERBAL NOTE

The Secretariat of State – Section for Relations with States, presents its compliments to the Embassy of the United States of America to the Holy See and considers it opportune to present the following considerations:

1. Before the Federal Court of San Francisco, there is currently pending a case, introduced by Mr. Alperin, against the Institute for the Works of Religion (I.O.R.), located in Vatican City State (Alperin/I.O.R.);

2. Before the Federal Tribunal of Los Angeles there is a similar case introduced by Mr. Zivcovich (Zivcovich/I.O.R.);

3. The Secretariat of State, having learned of these pending court cases, expresses surprise and regret, especially over the procedures followed in instructing the above-mentioned controversies;

4. Basing itself upon the diplomatic relations which exist between the United States of America and the Holy See, as well as the recognition which the Government of the United states has accorded to the sovereignty of the Holy See and of Vatican City State, the Secretariat of State request the intervention of the Federal Government of the United States of America;

5. The Secretariat of State declares that it has given necessary instructions that the "Sovereign immunity" of the Vatican State and of the I.O.R be applied in these cases and further declares that it has transmitted and transmits to the I.O.R. the relative documentation forwarded to it by means of international rogatory letters.

6. The Secretariat of State is confident that the Embassy of the United States of America will inform the United States Government of these considerations, making clearly known the position of the Holy See regarding the sovereignty of Vatican City State and the obligation to send international rogatory letters for the notification of juridical acts.

The Secretariat of State – Section for Relations with States – avails itself of the opportunity to renew to the Embassy of the United States of America to the Holy See the assurances of its high consideration.

From the Vatican, 23rd October 2000.

The Honorable
Embassy of the United States of America to the Holy See
ROME

[SEAL]
SEGRETERIA DI STATO
RAPPORTI CON GLI STATI

2

Nos. 05-326 & 05-539

Supreme Court, U.S.
FILED
DEC 14 2005
OFFICE OF THE CLERK

In The
Supreme Court of the United States

ORDER OF FRIARS MINOR,

Petitioner,

v.

EMIL ALPERIN, *et al.*,

Respondents.

ISTITUTO PER LE OPERE DI RELIGIONE,

Petitioner,

v.

EMIL ALPERIN, *et al.*,

Respondents.

On Petitions For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

RESPONDENTS' BRIEF IN OPPOSITION

THOMAS EASTON
LAW OFFICE OF
THOMAS EASTON
2890 Emerald Street
Eugene, OR 97403
Tel: (541) 344-6111

JONATHAN H. LEVY
37 Royale Pointe Drive
Hilton Head, SC 29926
Tel: (202) 318-2406

K. LEE BOYD
Counsel of Record
PEPPERDINE UNIVERSITY
LAW SCHOOL
24255 Pacific Coast Highway
Malibu, CA 90263
Tel: (710) 506-7684

WINDLE TURLEY
LAW OFFICES OF WINDLE
TURLEY, P.C.
1000 Turley Law Center
6440 North Central Expressway
Dallas, TX 75206
Tel: (214) 691-4025

December 14, 2005

Counsel for Respondents Emil Alperin, et al.

COCKLE LAW BRIEF PRINTING CO (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTION PRESENTED FOR REVIEW

Whether tort claims for confiscated property traceable to Petitioners Order of Friars Minor and Istituto per le Opere di Religione present nonjusticiable political questions under *Baker v. Carr*.

RULE 29.6 STATEMENT

Plaintiff Jasenovac Research Institute is a nonprofit corporation, has no corporate parent, and no publicly held company owns stock in it.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
RULE 26.9 STATEMENT	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	v
STATEMENT OF THE CASE	1
REASONS FOR DENYING THE PETITIONS	5
I. This Court's decision in *Garamendi* was decided as a matter of federal preemption and has no bearing on the present petition, which involves the political question doctrine	9
A. The *Garamendi* decision on preemption does not apply to the Ninth Circuit's consideration of justiciability	10
B. The executive initiatives to resolve insurance claims at issue in *Garamendi* do not apply to Plaintiffs' property claims	12
II. No conflict in the circuit courts was created by relying on Supreme Court authority to determine that judicial standards exist to decide property claims, rather than relying on *Kelberine*, which did not mention the political question doctrine	14
A. The Ninth Circuit followed established Supreme Court authority on the political question doctrine's "judicially-manageable standards" inquiry	15
B. *Kelberine* was not based on the political question doctrine and has not been followed by the D.C. Circuit Court	17

TABLE OF CONTENTS – Continued

Page

C. Property claims arising in the context of wartime are not barred by the political question doctrine 22

III. Judicial review of property losses does not offend the conduct of foreign relations 27

IV. No extraordinary circumstances justify review of an interlocutory order 29

CONCLUSION 30

TABLE OF AUTHORITIES

Page

CASES

Alperin v. Vatican Bank, 410 F.3d 532 (9th Cir. 2005) ..... *passim*

Am. Constr. Co. v. Jacksonville, T. & K. W. Ry. Co., 148 U.S. 372 (1893) 29

Am. Ins. Ass'n v. Garamendi, 539 U.S. 396 (2003) ..... *passim*

Anderman v. Fed. Republic of Austria, 256 F. Supp. 2d 1098 (C.D. Cal. 2003) 9, 21

Archie Comic Publ'ns, Inc. v. DeCarlo, 141 F. Supp. 2d 428 (D.N.Y. 2001) 24

Baker v. Carr, 369 U.S. 186 (1962) ..... *passim*

Bodner v. Banque Paribas, 114 F. Supp. 2d 117 (E.D.N.Y. 2000) 8, 22, 25, 26

Broniowski v. Poland, 31443/96 [2004] ECHR 274 (2004) 23

Bhd. of Locomotive Firemen & Enginemen v. Bangor & A.R. Co., 389 U.S. 327 (1967) 6

Brown v. Generali, MDL 1374/M21-89/04CV3390 14

Burger-Fischer v. Degussa AG, 65 F. Supp. 2d 248 (D.N.J. 1999) 8, 9, 21

Cascade Energy & Metals Corp. v. Banks, 896 F.2d 1557 (10th Cir. 1990) 24

Chicago & S. Air Lines v. Waterman S.S. Corp., 333 U.S. 103 (1948) 7

Colorado River Water Conservation Dist. v. United States, 424 U.S. 800 (1976) 10

TABLE OF AUTHORITIES – Continued

Page

D'Amato v. Deutsche Bank, 236 F.3d 78 (2d Cir. 2001) 26

Dames & Moore v. Regan, 453 U.S. 654 (1981) 7, 28

Deutsch v. Turner Corp., 324 F.3d 692 (9th Cir. 2003) 3, 17

Diller v. Generali, MDL 1374/M21-89/04CV5692 14

Gabor v. Generali, MDL 1374/M21-89/04CV3391 14

Gilligan v. Morgan, 413 U.S. 1 (1973) 6, 16

Goldwater v. Carter, 444 U.S. 996 (1979) 6

Greenman v. Generali, MDL 1374/M21-89/04CV5700 14

Greenstein v. Generali, MDL 1374/M21-89/04CV3393 14

Gruber v. Generali, MDL 1374/M21-89/04CV5693 14

Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., 240 U.S. 251 (1916) 29

Harisiades v. Shaughnessy, 342 U.S. 580 (1952) 27

Ibrahim v. Titan Corp., 391 F. Supp. 2d 10 (D.D.C. 2005) 20

In re African-American Slave Descendants Litig., 375 F. Supp. 2d 721 (N.D. Ill. 2005) 9, 21

In re Austrian & German Bank Holocaust Litig., 80 F. Supp. 2d 164 (S.D.N.Y. 2000) 26

In re Holocaust Victim Assets Litig., 105 F. Supp. 2d 139 (E.D.N.Y. 2000), *aff'd*, 413 F.3d 183 (2d Cir. 2005) 26

TABLE OF AUTHORITIES – Continued

Page

Iwanowa v. Ford Motor Co., 67 F. Supp. 2d 424 (D.N.J. 1999) 8, 9, 21

Japan Whaling Ass'n v. Am. Cetacean Soc'y, 478 U.S. 221 (1986) 11, 22, 28

Joo v. Japan, 413 F.3d 45 (D.C. Cir. 2005) 7, 27, 28

Kadic v. Karadzic, 70 F.3d 232 (2d Cir. 1995) 15

Kelberine v. Societe Internationale, 363 F.2d 989 (D.C. Cir. 1966) ..... *passim*

Klinghoffer v. S.N.C. Achille Lauro Ed Altri-Gestione, etc., 937 F.2d 44 (2d Cir. 1991) 17

Koohi v. United States, 976 F.2d 1328 (9th Cir. 1992) 15

Lake Country Estates, Inc. v. Tahoe Reg'l Planning Agency, 440 U.S. 391 (1979) 24

Lichtig v. Generali, MDL 1374/M21-89/04CV5694 (MBM) 13

Littman v. Generali, MDL 1374/M21-89/04CV5698 13

Ludecke v. Watkins, 335 U.S. 160 (1948) 16

Mermel v. Generali, MDL 1374/M21-89/04CV5699 14

Mitchell v. Harmony, 54 U.S. 115 (1851) 22

Monitz v. Generali, MDL 1374/M21-89/04CV5696 14

Nasch v. Generali, MDL 1374/M21-89/04CV3394 14

Nemariam v. Fed. Democratic Republic of Ethiopia, 315 F.3d 390 (D.C. Cir. 2003) 22

Nixon v. United States, 506 U.S. 224 (1993) 6, 16

Rakover v. Genrali, MDL 1374/M21-89/04CV5697 14

TABLE OF AUTHORITIES – Continued

Page

Ramirez de Arellano v. Weinberger, 724 F.2d 143 (D.C. Cir. 1983) 23

Rasul v. Bush, 542 U.S. 466 (2004) 28

Regan v. Wald, 468 U.S. 222 (1984) 27

Republic of Ausstria v. Altmann, 541 U.S. 677 (2004) 24

Republic of Phillippines v. Marcos, 862 F.2d 1355 (9th Cir. 1988) 15

Rescue Army v. Mun. Court, 331 U.S. 549 (1947) 24

Rosner v. United States, 231 F. Supp. 2d 1202 (S.D. Fla. 2002) 23

Schaechner v. Generali, MDL 1374/M21-89/04CV3395 14

Schneider v. Kissinger, 412 F.3d 190 (D.C. Cir. 2005) 9, 15, 20

Siderman de Blake v. Republic of Argentina, 965 F.2d 699 (9th Cir. 1992) 8, 22, 26

Steinberg v. Generali, MDL 1374/M21-89/04CV3392 14

Sumitomo Shoji Am., Inc. v. Avagliano, 457 U.S. 176 (1982) 28

Ungaro-Benages v. Dresdner Bank AG, 379 F.3d 1227 (11th Cir. 2004) 13, 15, 17, 25, 28

United States v. Bieganowski, 313 F.3d 264 (5th Cir. 2002) 25

United States v. Casamento, 887 F.2d 1141 (2d Cir. 1989) 25

United States v. Johnson, 297 F.3d 845 (9th Cir. 2002) 25

TABLE OF AUTHORITIES – Continued

Page

United States v. Munoz-Flores, 495 U.S. 385 (1990) .. 15, 16

United States v. Owens, 159 F.3d 221 (6th Cir. 1998) 25

United States v. Thomas, 774 F.2d 807 (7th Cir. 1985) 25

United States v. Wadena, 152 F.3d 831 (8th Cir. 1998) 25

United States v. Wellington, 754 F.2d 1457 (9th Cir. 1985) 25

Vieth v. Jubelirer, 541 U.S. 267 (2004) ..... *passim*

W.S. Kirkpatrick & Co., Inc. v. Envtl. Tectonics Corp., Int'l, 493 U.S. 400 (1990) 6

Wolf v. Generali, MDL 1374/M21-89/04CV5695 14

Youngstown Sheet & Tube Co. v. Sawyer, 343 U.S. 579 (1952) 22

Zivkovich v. Vatican Bank, 242 F. Supp. 2d 659 (N.D. Cal. 2002) 9, 21

STATUTE

22 U.S.C. §2370 (2005) 23

MISCELLANEOUS

Alien Tort Statute 26

Appellee IOR's Answer Brief, 2004 WL 1125507 14

Foreign Corrupt Practices Act 26

Foreign Sovereign Immunities Act 8, 23

TABLE OF AUTHORITIES – Continued

Page

German Found. Agreement, 39 Int'l Legal Materials 1298 ..... 7, 10

1999 London Conference on Nazi Gold 28

North American Free Trade Agreement 23

Thomas M. Franck, Political Questions/Judicial Answers: Does the Rule of Law Apply to Foreign Affairs 63-76 (1992) 23

Trading With the Enemy Act 27

RESPONDENTS' BRIEF IN OPPOSITION TO OFM AND IOR'S PETITIONS FOR WRIT OF CERTIORARI

STATEMENT OF THE CASE

This case involves claims by individuals against a commercial entity (the "Vatican Bank" or "IOR") and a private entity, the Order of Friars Minor ("OFM"), for property stolen by those entities during the Holocaust era and post-World War II.[1] The relief requested is compensation for unjust enrichment, an accounting, and restitution. For this relief to be granted, a court need not pass judgment, directly or indirectly, on any action by the United States government. Accordingly, the Ninth Circuit correctly declined to dismiss the property claims under the political question doctrine.

---

[1] The property claim allegations must be taken as true for the purposes of a motion to dismiss on the basis of justiciability. The complaint alleges that "Defendants . . . have willfully and wrongfully misappropriated and converted the value of [property taken from the Holocaust Survivors] and its derivative profits into their own property." *Alperin v. Vatican Bank*, 410 F.3d 532, 543 (9th Cir. 2005). The allegations against Petitioner OFM state that "Franciscans, and other religious groups, have continued to use the funds derived from the Ustasha treasury." Further, "[t]he Ustasha Treasury provided substantial assets to IOR in form of gold, silver, cash, and gems. As the principle post war banker to the Ustasha Government in Exile, the IOR profited from Ustasha Treasury transactions involving banks in various European and South American countries. The Franciscan Order and unknown Catholic Religious Orders reaped similar monetary benefits from their involvement with the Ustasha Treasury" (Doc.#65, ¶ 60). The Holocaust Survivors' allegations are based not only on the secret documents declassified prior to, and after, the publication of the Eizenstat Report, but also on eyewitness testimony, that Franciscans were deeply involved in looting and money laundering (Doc.#65, ¶¶ 2,5,38,44-46,55-56,59-60).